Austria	Sch 18	Indonesia	Rp 2750	Portugal	Esc 90
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 38	Japan	Y 550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.25	Lebanon	L£ 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.20
Finland	Fmk 5.90	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Euronote explosion: why central banks are worried, Page 16

World news

Former Pentagon official jailed

Paul Thayer, the former Reagan Administration deputy Defence Secretary, was sentenced to four years in jail for obstructing justice during a U.S. Securities and Exchange Commission (SEC) investigation of his part in an insider stock trading scheme.

The verdict came after Thayer and two associates agreed to pay over $1m to settle SEC charges that he and a group of associates made over $1.9m in illicit profits while he was chief executive of LTV, the U.S. steel group, and a director of a number of other large U.S. companies.

The settlement was the largest ever obtained by the SEC. Federal district court judge Charles Richey said the heavy prison sentence was necessary to deter insider trading. Page 6

Rebel leader deserts

A military commander of the U.S.-backed Nicaraguan guerilla organisation, the FDN, has deserted and offered to help the Nicaraguan Government defeat the rebels. Page 6

Pacific curfew

French Defence Minister Charles Hernu left for New Caledonia where the local French authorities reimposed a curfew after a day of some of the worst violence the French Pacific colony has seen in recent months. Page 3

Ecuador MP shot

A member of Ecuador's parliament, Nelson Vera, died after he was shot by a former colleague on the steps of Congress. Julio Ayala Serra, a member of the Christian Democratic Party, was arrested on the spot.

Jordan anxious

Jordan is anxiously awaiting a U.S. response to Palestinian names included in a proposed joint delegation which it hopes will start talks with Washington on the possibilities of full Middle East peace negotiations. Page 4

Art theft charge

Greece's Socialist Government reacted angrily to allegations by three conservative deputies that police officers and other high officials are involved in a multi-million-dollar art theft.

Punjab curb

Indian authorities placed a second Punjab town under curfew as Sikh leaders headed for a showdown over leadership of their main political party, Akali Dal.

Township clash

At least 11 people died in fierce clashes between migrant Xhosa and Zulu workers and residents in the black township of Tsakane, east of Johannesburg. Page 4

Peru shooting

Peruvian gunmen seriously wounded the country's most popular television host, Ricardo Belmont. Police said the Maoist guerrilla organisation Sendero Luminoso has a death list of 15 leading public figures.

Dutch attack Pope

A rally of more than 10,000 progressive Dutch Roman Catholics heard scathing attacks on Vatican policies three days before Pope John Paul's visit to the Netherlands.

Luxembourg blast

Two bomb explosions felled three electricity pylons and caused a 10-car pile-up at a motorway junction in Luxembourg.

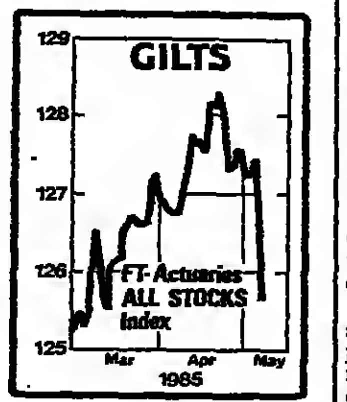
Stowaway mummified

The mummified body of an African stowaway was found on a Greek cargo ship in the Port of London. It is thought that he was overcome by fumes and that heat from the engine caused mummification.

Business summary

BL sets targets for U.S. car launch

AUSTIN ROVER, the cars division of the British state-owned BL group, is planning to spend $20m on promoting and launching its re-entry into the U.S. car market. It will market a car jointly developed with Honda of Japan which will sell at less than $22,000. It envisages initial sales of 20,000 a year, rising to 60,000 in five or six years. Background, Page 12



LONDON gilts encountered more selling pressure but leading equities gained ground. The FT Ordinary index rose 2.7 to 988.5. Section II

WALL STREET: The Dow Jones industrial average closed down 2.98 at 1,249.78. Section III

TOKYO was dominated by speculative profit-taking and the Nikkei-Dow market average added 14.90 to 12,521.20. Section III

DOLLAR was firm in London, rising to DM 3.1915 (DM 3.1665), FFr 9.725 (FFr 9.65), SwFr 2.6845 (SwFr 2.6605) and Y253.2 (Y252.85). On Bank of England figures the dollar's exchange index rose to 149.0 from 148.8. In New York it was DM 3.178, SwFr 2.6715, FFr 9.6775 and Y252.55. Page 49

STERLING lost a cent against the dollar in quiet London trading, to close at $1.208. It also declined to DM 3.85 (DM 3.8575), FFr 11.75 (FFr 11.755), SwFr 3.245 (SwFr 3.25) and Y305.5 (Y307.0). The pound's exchange rate index rose 0.3 to 77.5. In New York it was $1.213. Page 49

GOLD fell $1 on the London bullion market to close at $313.50. It also fell in Zurich to finish at $313.00. In New York the Comex June settlement was $314.20. Page 48

BELGIAN Central Bank reduced discount rate from 11 per cent to 9¾ per cent and said it would post a new rate each week to give itself flexibility to manage monetary markets. Page 26; Money market, Page 49

LLOYD'S will offer no financial help to underwriting members who unexpectedly incurred losses of £60m ($72.6m), chairman Peter Miller said. Page 13

TRINKAUS & BURKHARDT, the West German private bank which is largely owned by Midland Bank of the UK, is to change its legal structure in a move which could pave the way for wider ownership. Page 27

SIR JAMES Goldsmith, Anglo-French financier, is reported to have increased his stake in Crown Zellerbach, the U.S. forest products group, from 9.4 per cent to 19.6 per cent.

FORD lost a European Court appeal that aimed to prevent its right-hand-drive cars being sold at cheaper continental European prices to personal or unofficial "parallel" importers in the UK. Page 13

EUROPEAN FERRIES Group, which bought P&O Normandy Ferries this year, saw 1984 profits rise from a restated £39.5m to £45m ($54.4m) before exceptional items. Page 32; Lex, Page 26

SOUTH AFRICAN Breweries, the country's largest diversified consumer goods conglomerate, suffered a 4 per cent drop in trading profit to R354.4m ($177.2m) in the year ended March 31, from R369.1m previously. Page 30

Reagan says West must match Soviet nuclear build-up

BY REGINALD DALE, U.S. EDITOR, IN STRASBOURG

PRESIDENT Ronald Reagan yesterday called for accommodation, but not appeasement, with the Soviet Union, warning that the U.S. would never accept a bid by Moscow to achieve a "unilateral advantage" in the superpower struggle.

On the 40th anniversary of VE Day, Mr Reagan issued an emotional appeal to Europe to shrug off doubts about its future and unite to open its borders from Moscow to Lisbon in one, free continent from which East-West barriers had been lifted.

"Europe, beloved Europe, you are greater than you know," Mr Reagan declared.

His speech was marred, however by sporadic protests from left-wingers in the parliament and a faulty teleprompter which threw him out of his usual jaunty stride.

Mr Reagan's flawed performance seemed likely to cause him fresh political problems on a trip to Europe which has already been dogged by controversy. Yesterday's speech had been intended to provide the main uplift for the last few days of his time in Europe.

Some 20 MEPs, mostly British members and West German Greens (environmentalists) walked out towards the end of the speech after holding up posters and placards protesting at U.S. policies on nuclear weapons and Nicaragua. But the protests were for the most part drowned by boisterous applause from the centre-right majority.

In what was heavily promoted by his advisers as an historic address to the European Parliament, during a four-hour stop over in Strasbourg, Mr Reagan urged the West to steer a middle course between the naive and failed detente policies of the 1970s and an unrestrained arms race.

The U.S. did not seek strategic superiority over the Soviet Union and would not "impose our system on anyone," he said. While not denying "any nation's legitimate interest in security," the U.S. remains committed to an end to the artificial division of Europe – by peaceful means, Mr Reagan said. "Surely we can aspire to more than maintain a state of highly armed truce in international politics," he said.

In the short term, however, Mr Reagan warned that the West had no alternative but to compete with the Soviet Union's nuclear build-up in the pursuit of "balance." In a speech that is unlikely to be taken well in Moscow, Mr Reagan warned that the Soviet Union did not "share our view of what constitutes a stable nuclear balance."

By moving towards the deployment of a new generation of multi-warhead, mobile, "first strike" intercontinental missiles, the Soviet Union was "undermining stability and the basis for mutual deterrence," Mr Reagan said. The new Soviet SS-X-24 missile was highlighted before Mr Reagan's speech by Mr Robert McFarlane, his national security adviser, as a potentially "intolerable" threat to the U.S.

Yesterday, however, Mr McFarlane denied that Mr Reagan had intended to give a "tough" speech. "His purpose, whether or not it's clear, is to signal to the Soviet Union that we can turn a new page here, enter a period of reducing tensions and establishing a more stable climate," Mr McFarlane said.

Mr McFarlane appeared to have won an internal battle with Mr Patrick Buchanan, the combative, right-wing White House communications director, who had wanted to steel Mr Reagan's rhetoric with a harder anti-Soviet ideological edge.

The thrust of Mr Reagan's ad-

Continued on Page 26

Reaction to speech, VE-Day anniversary commemoration, Page 2; Editorial comment, Page 24

Volcker says Fed has not changed monetary policy

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, appeared yesterday to be trying to dampen down Wall Street speculation that the Fed has been actively encouraging recent declines in U.S. interest rates.

With some Wall Street economists saying that the central bank has been laying the ground for an imminent cut in its discount rate, Mr Volcker told a congressional committee that it would be "a fair characterisation" to say that the central bank's monetary policy has been essentially unchanged recently.

He added that questions about whether faster monetary growth is needed would be addressed at a meeting of the Fed's open market committee (FOMC) on May 21 – a comment which will be interpreted on Wall Street as probably another hint that a significant change in Fed policy should not be expected before then, if at all.

Mr Volcker's comments on Fed policy came, surprisingly, in the course of testimony he gave about the urgent need for legislation to reform the structure of the banking industry. Recent declines in short- and long-term interest rates of around half a percentage point since April, Fed trading activity in the financial markets, and comments by some officials about the economic outlook have been seen by some on Wall Street as evidence of a relaxation of Fed monetary policy.

Mr Preston Martin, the Fed vice-chairman, has warned of the risk of a "growth recession" in the U.S. economy and has hinted that, because of a possible change in the relationship between the growth of gross national product and the expansion of the money supply, faster monetary growth may be needed even though the current monetary targets are being exceeded.

Mr Volcker's remarks about the forthcoming meeting of the FOMC suggest that a vigorous debate on this question may be in the offing.

With both the Senate and the House of Representatives again due to address the question of what reforms are needed in U.S. banking laws, Mr Volcker yesterday issued an urgent plea to the legislators to act quickly to close loopholes which, he warned, "could well be inconsistent with the requirements of a safe and sound banking system."

He expressed serious concern about recent state laws which have encouraged banks and savings institutions to invest in real estate developments which, he said, are "posing real risks for the banks."

● Mr Malcolm Baldrige, the U.S. Commerce Department Secretary, warned yesterday that a further widening of the trade deficit is to be expected, but that it should not be as dramatic as the deterioration in the first quarter.

The department reported yesterday that, on a seasonally adjusted balance of payments basis, the trade deficit in the first quarter rose to $28.3bn compared with a revised $24.4bn in the fourth quarter of 1984.

Banks' daily overdrafts curbed

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Reserve Board yesterday moved to curb the rapid growth of U.S. banks' "daylight overdrafts" in a bid to reduce the risk of a major default in money transfer systems which regularly handle more than $600bn a day.

The Fed yesterday passed rules which will require banks using private wire systems, such as the New York-based Clearing House Interbank Payments System (Chips), to establish credit limits for each bank that it deals with via these electronic payment systems.

The Fed will also require banks to establish voluntary "net debit caps" or limits on the total overdraft position they can have with all other banks through both private wire systems and the Fed's own federal funds wire systems, the main alternative for handling large dollar transactions.

The "cap" on a bank's total overdraft position will be voluntary and will be based on general Fed criteria for creditworthiness. Many banks have said that they would support such an approach as long as it was voluntary and sufficiently flexible.

The new rules could have important repercussions for the cash management operations of major companies which transfer trillions of dollars every week through the various payments services offered by the banks. Mellon Bank, for example, has suggested that one side effect of the Fed's action could be that money will come to be priced by the hour instead of the day.

Many U.S. banks often wire out more funds than they have on deposit each morning and fund them in the afternoon, in anticipation of funds they will receive later in the day, so that they are technically overdrawn for part of the day – hence the term "daylight overdrafts." In recent years the size of these overdrafts has grown dramatically and the Fed estimates that they now average between $110bn and $120bn a day.

The Fed is concerned that one day a bank might not have enough available funds to cover its daylight overdraft and this could lead to serious disruptions in the world's money markets. Although such an event is exceedingly rare, the closure of the small Herstatt bank in West Germany in the mid-1970s gave the authorities a sharp reminder of the disruption which can be caused to international payments systems by an unexpected default.

According to a recent study by the U.S. Association of Reserve City Bankers some banks run daylight overdrafts of more than double their capital. The Fed says that it acted out of concern for the potential impact on "liquidity and solvency" of many banks should a single institution fail to settle its net debit position with a private network.

Laker hint on accord as BA lifts earnings

BY DUNCAN CAMPBELL-SMITH AND LYNTON McLAIN IN LONDON

A POTENTIAL breakthrough in the struggle to end the legal battles over Laker Airways' bankruptcy came yesterday when Sir Freddie Laker told a U.S. judge in Washington he might be prepared to accept the $8m (£6.6m) he has been offered as his personal compensation for the company's collapse in 1982.

Sir Freddie's move coincided with British Airways' announcement a few hours earlier in London of pre-tax profits of £202m for the 12 months to last December, up from £185m in 1983.

BA has led the search for an out-of-court settlement to the $1.05bn civil anti-trust suit brought against it and 11 co-defendants in Washington by Mr Christopher Morris, the liquidator of Laker Airways.

The suit has delayed BA's privatisation and has been made more complicated in recent months by the UK airline's determination to include Sir Freddie Laker and Mr Robert Beckman, his U.S. lawyer, in a settlement which is now worth just under $65m.

Neither Sir Freddie nor Mr Beckman has indicated until now any readiness to accept the $8m made available for each of them as a part of the settlement. BA, on behalf of all the defendants, presented the two men with written offers to this effect on Tuesday evening.

At a private hearing yesterday before Judge Harold Greene, who is presiding over the civil suit, Sir Freddie is understood to have expressed satisfaction with the size of his offer – but is thought to have objected to the judge about its terms and conditions.

Mr Beckman appears to have reacted less favourably to his own offer, reportedly accusing the defendants – who include nine other international airlines as well as BA – of resorting in effect to an ultimatum.

But Mr Beckman was also appearing as U.S. counsel to Mr Morris. In this capacity, he is believed to have confirmed to Judge Greene that the creditors of Laker Airways regard the $65m settlement as acceptable.

The hour-long hearing ended with the judge extending the present moratorium on court proceedings until May 20. Mr Beckman had earlier suggested a date within the next few days, though, and talks were still proceeding last night to reach a final agreement.

BA's increased profit continued the turnround in the airline's fortunes since the £544m loss in 1981-82. The airline made a pre-tax profit of £74m in 1982-83.

Turnover increased to £2.929bn in the year to the end of March, compared with £2.514bn in the previous year.

> The planned sale of British Gas for up to £8bn ($9.7bn) has brought the Conservative Government's privatisation programme back to the boil. Page 26

There was little change in the profit British Airways made from carrying each passenger last year, as a result of "competitive conditions," Lord King, chairman of the airline, said in London yesterday.

But the state-owned airline succeeded in winning traffic at a faster rate than its international competitors. BA's traffic increased by 12 per cent in the year compared with the 8 per cent increase for all members of the International Air Transport Association.

BA's costs increased over the period as a policy of staff cuts was reversed to help meet higher demand. Total staff increased by 2 per cent to 37,500. That compared with the total of 56,140 in the year to the end of March 1980.

The airline reduced its borrowings from more than £1bn to below £650m at the end of the year. "This was achieved from profits earned and surplus assets sold," Lord King said.

He acknowledged that the airline technically was bankrupt in 1981-82. Since then the debt-equity ratio has been improved from 88-12 a year ago to 67-33 at the end of March.

"A debt/equity ratio of 40/60 would be desirable," as the airline approached privatisation, he said.

The results for 1984-85 may well be the last before the state airline is sold to the private sector, although Lord King would not be drawn on a timetable.

He suggested that if the Government had several major privatisation schemes on hand when BA went to market, it was likely that investors would be offered a "split issue," payable in two parts.

In the current financial year, BA is to double the £103m spent on capital investment last year, to about £200m.

It is probable that a major aircraft replacement programme will have to be started in the early years after the airline is sold to the private sector.

The average age of the BA fleet of Boeing 747 jumbo jets is 15 years. To replace the entire fleet of 16 jumbo jets at £100m each would cost approximately £1.6bn, Lord King said.

Lex, Page 26

Israelis play a final card in Lebanon

By David Lennon in Marjayoun, south Lebanon

CONFUSION and uncertainty are the dominant features of the dying days of Israel's military adventure in Lebanon. The decisive months in 1982, when the troops dashed northwards to destroy the PLO and rule the roost in Beirut, are a faded and bloodstained memory. "I don't know, I can't tell you," are the most familiar answers given by officers now when asked to be precise about the future.

Israel's Lebanon policy lies in tatters and the country is desperately trying to find some way to prevent south Lebanon again being used as a launching pad for attacks on Israel.

In this way, the Government hopes to ensure that the self-inflicted disaster which claimed so many lives and split the nation will not have been totally in vain.

Jerusalem is now playing its last card by trying to create a protectorate in south Lebanon. It will be defended in the first instance by the local Christians, who long ago cast their lot with Israel, and to a lesser extent by the predominant Shia Moslem population, who have been warned that they will be bombed if they fail to co-operate.

"I don't know what will happen after the Israelis leave," says Mr Ghazi Dawi, the red-headed father of six picked by the Israelis to head the two dozen youths who make up the pro-Israeli civil guard in the Moslem Shia village of El Khayyam, which lies well within the security zone.

"If we have big problems with hostile groups trying to infiltrate we will call in the Israeli army," Mr Dawi says, pointing to his radio linking him with the Israeli military headquarters.

In reality, it will not be small groups of lightly-armed youths under the command of men like 44-year-old Mr Dawi who will form the front line of Israel's defences in the 38 villages inside the security zone. Nor will it be the 1,500 members of the Israeli-armed and trained south Lebanese militia, a mainly Christian force which most Israeli officers consider to be of dubious worth.

The security zone the militia is supposed to patrol cuts through areas controlled by Dutch, Irish, Ghanaian, Finnish and Norwegian troops of Unifil. This is likely to lead to increased clashes with the United Nations peacekeepers, when the Israelis withdraw. Perhaps this

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Palestinian presence at peace talks, Page 4

CONTENTS

THE FORTIETH ANNIVERSARY OF VE-DAY

David Marsh visits a French town that became a byword for defeat and betrayal

Wartime ghosts still haunt the streets of Vichy

IT IS NOT easy to celebrate victory in Vichy. In this central French spa town, cluttered with chemists and tea shops, which for four years was the seat of the wartime collaborationist government, they commemorated the fortieth anniversary of the German surrender yesterday with hearts still heavy.

In Vichy, perhaps more than any other town in what was Nazi-occupied Europe, ghosts from the past linger on every street corner.

The town, studded with parks and greenery, has made big efforts in the past 10 years to modernise and internationalise its tourist activities. Apart from the *thermal springs* for arthritis, migraine and cirrhosis sufferers, Vichy now offers football, water-skiing, horse-racing and parachute jumping.

But the town and its people have not escaped from the images and ambiguities of 1940-44, when its hotels were commandeered by politicians, diplomats and secret police — and Vichy became an international byword for defeat, intrigue and betrayal.

Under leaden skies and pouring rain, veterans gathered yesterday to lay wreaths at the monolithic Monument to the Dead, towered over by the beetling 10-storey apartment block, which once housed the propaganda machine of wartime Radio Vichy.

The Hotel du Parc, where 84-year-old Marshal Petain set up headquarters as head of state in 1940, has now been turned into another apartment building. It harbours the tourist office and some of the town's 120 doctors.

All the flats are occupied except one. Room No 35, formerly the personal chambers of the Marshal, has been bought by Petain sympathisers and is still the focus of discreet ceremonial visits.

The public are not allowed in. "The people don't like to talk about it," says Dr Jean-*Louis Bourdier*, the briskly efficient head of the tourist office, who is making a special effort to attract British tourists.

Locals point out with morbid relish the Hotel Portugal, the gestapo head quarters during the war. Only a few days ago, French service veterans held their annual congress in the Theatre of the Grand Casino, where France's battered parliamentarians in July, 1940, voted to give Petain full powers

"The Government came here without asking the Vichy people," says Dr Jacques *Lacario*, the gentle-voiced 72-year-old mayor, in office for 18 years. "It was because we had 15,000 hotel rooms. It was not as if the Vichyssois were all Vichyists. It was an accident." He admits the effect on the town's image has been "very painful."

With memories of wartime events and reprisals afterwards still strong, the question of local people's involvement with the Germans is still "difficult to talk about," says M Marcel Corre.

The Petain years? "C'est le grand silence," says a lady in the tourist office, who admits a certain sympathy for the Marshal.

The arrival of the Vichy regime brought money into the town, points out Dr Jacques Guillaumin, who joined the Resistance, receiving arms dropped from British aircraft. "Some of the Vichy people went hungry, some may have enriched themselves — but they do not have blood on their hands."

The war memorial carries the names of about 300 Vichy dead during the First World War— against only 40 or so in the Second. The disproportion underlines how Petain's Government may have ruined France's honour but saved its people from the worst.

Forty years on, Vichy school children exchange visits regularly with three German towns.

At the crowded municipal library, Mlle Isabelle Petillst, in charge of a unique collection of books, documents and photographs of the Petain period, is preparing an exhibition for the autumn of the Vichy resistance.

She believes the townspeople are still not ready for a completely objective account of collaboration. Younger people however, are clamouring for more information. "There is a difference between the two generations — those who want to forget and those who want to know."

Reagan treads on some Euro-toes

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament yesterday greeted the ceremonial visit of President Ronald Reagan with both delight and alarm. It revelled in the unaccustomed limelight but proved itself quite incapable of resisting the opportunity for public misbehaviour.

Fervent supporters and opponents of the U.S. President and his policies (on everything from nuclear armament to Nicaragua) united in celebrating the arrival of the presidential cavalcade, the White House press corps, television technicians and serried ranks of security men.

For many in the Parliament's centre-right majority, the occasion represented an ironic but resounding justification for their often lonely struggle to create a democratic heart for a united Europe.

For others on the Left, the President's choice of Strasbourg to mark the occasion of VE Day was a propaganda exercise which they chose to share by staging a counter-demonstration.

For Mr Reagan himself, it was a chance to perform on a perfect platform, delivering the mixture of emotionalism and machismo at which he excels, at once to a captive ten-nation European audience and to his TV viewers back home.

In the event, he was let down both by European-style democracy and much-vaunted U.S. technology, but only enough to sound a slightly jarring note on an otherwise carefully orchestrated occasion.

His speech, intended as a masterpiece of massaging the whole range of European sensibilities about U.S. cultural domination and political imperialism, was marred by the unfamiliar sight of the Great Entertainer fluffing his lines. The upset was variously blamed on a faulty auto-cue device, and on the antics of poster-waving protesters.

He recovered quickly enough, however, to deliver a few doubtless equally rehearsed lines to his persecutors. He wished that some members of his own U.S. Congress might so easily be persuaded to walk out (as some 20-odd British Labour MEPs and West German Greens did yesterday).

He managed to pay tribute both to the celebrations of *Allied victory on May 8, 1945*, and to the German cause of reunification.

He still managed to tread on a goodly number of European toes, *underlying the long* way MEPs still have to travel on the path to a genuine Community of interests. He paid warm tribute to Sir Winston Churchill, but failed to mention General de Gaulle, to the considerable annoyance of M Christian de la Malene, leader of the Gaullist group.

His words of enthusiasm for European union were also suspected of masking the true nature of economic rivalry between the U.S. and the EEC, a subject which he did not mention at all.

Mrs Barbara Castle, the British Labour leader within the Socialist group, and one of those who walked out, thought it all a public relations exercise by a self-invited president. But the centre-right majority, including the British Tories, set up a storm of applause on every possible occasion — even inappropriate ones—to counteract the opposition.

For Mr Reagan, however, the whole exercise must have confirmed some of his gravest doubts about the fractious nature of politics in the Old World.

President Ronald Reagan and M Roland Dumas, the French Foreign Minister, stand at attention while national anthems are played on the President's arrival at Strasbourg airport yesterday.

West German leader urges nation to face up to the past

BY RUPERT CORNWELL IN BONN

PRESIDENT Richard von Weizsaecker yesterday solemnly told his countrymen that only by remembering the shame and horror of their past could they come to terms with it, and draw the full benefit from modern West Germany's restored place in the world.

Addressing a special plenary session of the Bundestag marking the 40th anniversary of the capitulation of Hitler's Germany, he argued that May 8, 1945, was above all a day of liberation for Germans, an occasion not for celebration but for remembrance of the death and suffering caused by 12 years of inhuman Nazi rule.

Throughout his hour-long speech, the President passed over hardly an aspect of the Hitler era, or of its relevance for the present. He dealt with the systematic genocide of the Jews, an event "unparallelled in history," the suffering unleashed by a war "linked for ever with the name of Germany," the miseries inflicted on millions of Germans driven afterwards from their former homes in the East, and the division of Germany and Europe which flowed from the war.

But his emphasis on the new West Germany, rebuilt from the ashes by its own endeavours and the help of former enemies and offering civil rights unmatched by any earlier German state, was underlined by the playing afterwards in the chamber of the national anthem of the Federal Republic.

In the aftermath of 1945, he reminded his audience of parliamentarians, prelates, and representatives of war veterans and victims, many Germans just wanted to hide their passports or exchange them for those of another country. Now, however, West German citizenship was a highly regarded right.

"If we use our own memories of history as a guideline for our conduct in the present, then we can be thankful for the development of these last 40 years," he said.

The simple dignified ceremony in Parliament, at which Dr Philipp Jenninger, the Bundestag president, was the only other speaker, was the first of two official centrepieces of a day otherwise of little fanfare.

The second was an evening ecumenical service in the gothic splendour of Cologne cathedral, the miraculous survivor of allied bombing of the city, conducted by Cardinal Joseph Hoffner of Cologne and Bishop Edouard Lohse, head of the Protestant German Evangelical Church.

In a virtually solitary gesture of defiance, however, the radical left-wing Greens boycotted the Bundestag commemoration, to visit instead the Auschwitz extermination camp in Poland.

Herr von Weizsaecker was unflinching in his acceptance of *the Nazi past. Three times* he quoted directly the words of Hitler, and insisted that the seeds of final disaster were sown not with the instigation of the Second World War, but *at the moment* of Hitler's arrival in power, on January 30, 1933.

Certainly, he said, Nazi crimes were kept out of the public eye. "But every German knew *what* their fellow Jewish citizens were suffering; in reality all too many, including people of my generation, tried to ignore what was happening."

"It is not a question of the guilt or innocence of an entire people, for guilt, like innocence, is not collective but individual. Rather, everyone who consciously lived through that period must ask himself in silence to what extent he was involved."

The President pointed out that the vast majority of living West Germans were either too young to have known, or not *born* at war's end. German youth, he said, was not responsible for what occurred then.

"But they are responsible for how it is interpreted in history. We older people owe youth not *dreams but frankness. We must* help the younger to understand why it is vital to keep the memory of what happened alive."

Herr von Weizsaecker warned: "The person who does not want to remember inhumanities of the past is liable to the danger of being contaminated by it once again. The Jewish people remember and will always remember. From them we ask reconciliation."

Nostalgia and pride rule day in Britain

BRITONS RECALLED the defeat of Nazi Germany with pride and a heavy measure of nostalgia yesterday while official ceremonies centred on 40 years of peace and reconciliation in Europe, Reuter reports.

The Queen and 2,200 guests —politicians, foreign diplomats and service veterans—attended a commemoration service at Westminster Abbey.

Radio and television broadcast excerpts from Winston Churchill's victory speech and *resurrected records by such* wartime entertainers as Glen Miller and Vera Lynn.

Present-day leaders avoided adopting Churchill's stirringly patriotic tone. Ceremonies were deliberately low-key in line with a government policy of not offending Britain's West German allies.

Yesterday's commemoration provided little hint of anti-German feeling among the British, even the 25m of them alive during the war. A newspaper poll indicated West Germans are better liked than any other of Britain's European neighbours.

VE-Day street parties were recreated in many parts of the country and in London's Hyde Park members of the Jewish community held a special ceremony at the Holocaust memorial.

Present-day politics intruded into the *anniversary in* the form of a protest from war widows to Mrs Margaret Thatcher for not fulfilling promises over pension rights.

Gorbachev attacks U.S. and praises the people

BY OUR FOREIGN STAFF

SOVIET OBSERVANCES of the anniversary of the war's end, which culminate today in a massive Red Square parade, got underway yesterday with Mr Mikhail Gorbachev and Western ambassadors, in two separate ceremonies, laying wreaths on the tomb of the Unknown Soldier.

Mr Gorbachev in a speech marking the anniversary asserted that the U.S. was helping to rekindle German nationalism.

Although a large portion of his hour-long address criticised the U.S., he left room to praise the Soviet Army and people for defeating Hitler. Serving soldiers and veterans paraded with military banners in the cavernous Kremlin congress hall and children entertained the crowd after the speeches.

Meanwhile, in Yugoslavia, where Nazi forces met the strongest resistance in any of the European countries they occupied, the authorities yesterday announced an amnesty for morethan 500 prisoners, some of them political detainees. The largest Yugoslav military parade for 10 years is also planned for today in Belgrade.

Leaders of the countries that once formed the anti-Hitler alliance *exchanged messages*, with President Ronald Reagan yesterday sending a letter to the Soviet leader saying that the war had shown that "despite our differences we can join *together in successful common* efforts."

Mr Gorbachev and Mrs Margaret Thatcher, the British Prime Minister, had earlier exchanged messages. The former paid *tribute* to Britain's "substantial contribution to achieving victory," and Mrs Thatcher replied that the past 40 years had demonstrated the importance of working "patiently and *realistically for better* understanding."

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EEC rise in energy consumption may slow

By Ivo Dawnay in Brussels

THE INCREASE in EEC primary energy consumption is expected to slow to 2.6 per cent this year, compared with 3.6 per cent in 1984, according to the latest forecast by the European Commission.

Findings from a new model, devised under the Community's research programme, predict that the effects of high real prices, bolstered by the strong U.S. dollar, will offset the impact of growth and the cold start to the year.

The end of the miners' strike in Britain in March will have an impact on overall oil demand, reducing fuel oil consumption by 14m tonnes of oil equivalent (mtoe), or 17 per cent, due to cuts in the use of fuel nil in power stations.

Overall oil demand will remain at 1984 levels—20 per cent below 1979—although heating oil, diesel fuel and motor spirit consumption should increase.

Natural gas demand is expected to rise by 3.8 per cent, or half the 1984 rate of increase, with substantial improvements in the domestic sector but slower growth of industrial demand, particularly in the chemicals industry.

Consumption of electricity should rise by 3.6 per cent with more than 30 per cent (a 3 per cent increase) coming from nuclear power stations, 14 more of which will come on stream commercially during the year.

Average net nuclear capacity will be 63 Gw or 12 Gw more than last year, while output from conventional plants is due to fall for the sixth consecutive year.

The Commission forecasts crude oil production will increase to 150 mtoe, or 3m barels a day, slightly up on last year, with British oil and condensate output likely to hit its peak during the year.

Although natural gas output could fall slightly, the increase in coal and nuclear production should raise total Community energy generation by nearly 11 per cent to 555mtoe.

Uncertainty about coal production in the wake of the UK strike makes any assessment uncertain, but the forecast concludes that overall energy imports will provide about 43 per cent of Community demand—close to last year's figure.

The conclusions are drawn on the assumption of a 2.4 per cent growth in Community gross domestic product and a rise of 3.5 per cent in industrial output, with the average dolar price for crude oil at $27.5 a barrel.

They also assume a revaluation of the Ecu against the dollar during the year, though the average annual rate is expected to settle at about 7 per cent lower than last year. If the Ecu rises more strongly from its current 75 cents to 90 cents in the fourth quarter, energy demand through lower prices is expected to rise by a further 3mtoe.

Increased violence and interference by the Mafia have changed the political face of Palermo

Concrete boot kicks at Sicily's ruling party

The Christian Democrats' alleged links with criminals could cause a major upset in this weekend's local elections, reports Alan Friedman, recently in Palermo

SICILY'S long-ruling Christian Democrats are worried—and nowhere more than in Palermo, the city which they have governed for 40 years.

For the past two years the city council has been in a state of paralysis, unable to govern in the face of Mafia interference and political crisis. In the same period, there have been no fewer than five mayors and since last November the city has been without a government at all.

Increasing violence by the criminal organisation and the arrest of a former Christian Democrat mayor on charges of collusion with the Mafia have severely tarnished the image of the party.

The Christian Democrats, who in the last local elecions in 1980 polled 46.7 per cent of the votes and won 39 seats out of the 80-member Palermo council, admit that they are in trouble. It is widely believed that they will be lucky to win more than 30 seats in Sunday's local election, which would be enough to enable them to lead a coalition government but would represent a serious erosion of public support.

The loss of votes to smaller parties such as the Socialists, the far-Right MSI party, Republicans and Liberals, could also have worrying implications for the Christian Democrats in the next general election, for Sicily has always been an important source of votes for the party.

More than ever, the people of Palermo, a congested city of 700,000 set at the head of a wide bay, are fed up with the Mafia. The recent killing of a local businessman in front of his two small children, and other similar acts of violence have numbed the city.

Many citizens believe that the old machine apparatus of the Christian Democrat party has either done nothing to battle against the Mafia or has worked hand-in-glove with it. The Mafia runs its multi-billion dollar drug trade out of Palermo.

"Let us be charitable," says Sig Luigi Colajanni, the Communist Party regional secretary and a city councillor, "and assume that of the outgoing council, only a third of the Christian Democrats were working with the Mafia."

Sig Leoluca Orlando, a young reformer within the Christian Democrat party and possibly the next mayor of Palermo, answers this comment by saying it might be more accurate to speak of one-third of the whole 80-member council being linked to the Mafia in some way. "Let us be clear. The Mafia doesn't live on the moon. It is right here in Palermo," he says.

Christian Democrats in Palermo say they are facing a grave image problem. The party's election manifesto opens with the following sentence: "Palermo has lived through traumatic times and the Christian Democrat party does not wish to hide its responsibility."

The penitence is part of an election strategy ordered by the national party leadership in Rome. Sig Ciriaco de Mita, the Christian Democrat's national party secretary, has paid several visits to Palermo in recent months and in January, handpicked a former Cabinet Minister, Sig Lillo Mannino, to clean up the local party in Sicily.

Sig Mannino who was appointed regional party secretary, moved quickly to launch a campaign to convince Sicilians that the Christian Democrats are changing. "We have tried to restructure the party, but it is made difficult by the economic crisis and unemployment here and by the political crisis of recent years," he notes.

For this reason, Sig Mannino predicts that his party will lose its absolute majority in the city council and should instead seek a five-party coalition with a Christian Democrat mayor. Some sort of coalition is considered inevitable.

Sig Mannino and his colleagues have replaced 29 of the outgoing 41 Christian Democrat concillors (two councillors switched parties after the last poll) with new candidates. Are all the new candidates free of Mafia association? "There should be no Mafia infiltration of our candidates, but how can I be sure? The Mafia is, after all, a secret organisation," answers Sig Mannino.

The man heading the Christian Democrat ticket is Professor Sergio Malterella, a national deputy whose brother, the president of the region of Sicily, was murdered by the Mafia five years ago. Professor Matterella says his party has lost support because of its failure to govern and because of the mounting violence.

The many killings of judges, politicians, state officials, journalists and businessmen have created, in his view, a frightening atmosphere. "Inevitably we have been associated with the situation. Now we have to take new intiatives and prove that we are a new party," he says.

No mayor has been able to govern Palermo for fear of offending the Mafia, and the city's infrastructure is a mess. Half of the annual L300bn (£122m) budget cannot be spent because one Mafia contractor might take offence if another gets the money.

Sig Orlando, a 37-year-old professor of law and a courageous reformer, thinks he can change things. Although the semi-official Christian Democrat candidate for mayor is Sra Elda Pucci, a former mayor whose house was bombed two weeks ago, the betting is on Sig Orlando taking office. The question of who becomes mayor, in any case, will be settled after the election in smoke-filled rooms.

How does Sig Orlando propose to deal with the Mafia's involvement in politics and contracts? "We have to be as objective as possible and divide big contracts into many little ones to avoid trouble," he responds.

It was, however, the same Sig Orlando who warned recently that "the Mafia buys politicians and if someone is not for sale be is killed."

But public opinion, however outraged, counts less in Palermo than the reality of the Mafia. Politics in the city, where life is decidedly cheap, is a very limited instrument of change.

Top Soviet economic official heads delegation to Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

THE Soviet Communist Party leadership has sent its top economic official to Poland where debate on the future of the country's management reform is mounting in anticipation of an important party conference on the issue at the end of the month.

Mr Nikolai Ryzhkov, the secretary in charge of the economy who was brought into the Soviet politburo last month by Mr Mikhail Gorbachev, the country's new leader, is in Poland at the head of delegation to celebrate the wartime victory over Germany.

His presence would seem to indicate a boost for Mr Kazimierz Barcikowski, his Polish opposite number who is no liberal but whose pragmatic style has earned him the enmity of Polish hardliners and a measure of mistrust by previous Soviet leaderships.

Mr Ryzhkov told a meeting in Wroclaw on Tuesday that the Soviet Union faced "deep changes in all spheres of economic activity," an allusion to the search for ways of improving efficiency.

Meanwhile, in Poland, academics who have been warning for some months that the decentralising reform, which started to be introduced in 1982, is threatened with extinction unless the central administration is reorganised, have won support from the PRON movement.

This is an umbrella organisation designed mainly to mobilise support for the Polish Communist Party. It has told the Government that the economy will only "vegetate" if changes are not forthcoming, and has called for "a start to be made on reorganising the centre."

Its declaration has already drawn behind-the-scenes criticism from industrial ministries whose position is threatened, but it echoes a recently published speech by Mr Zbigniew Kamecki, a central committee member. "The reform of the centre is being put off indefinitely," he informed the central committee, "but any talk of an economic reform without such a change is merely risible."

The debate is also bound up with the assumptions underlying the next five-year plan which is due to be unveiled in parliament tomorrow. This can be expected to be criticised by reformers for placing too great a stress on traditional capital intensive industries

Ariane puts satellites in orbit

Financial Times Reporter

THE EUROPEAN rocket Ariane, launched from its jungle base in French Guiana, has placed two telecommunications satellites in geostationary orbit above the earth, European Space Agency officials told AP in Kourou.

About 20 minutes after lift off it released the French-built Telecom 1-B and the U.S. G-Star 1 satellites into orbit at altitudes of 22,000 miles.

The rosket has now been successful in 11 of 13 launches and is challenging the U.S. shuttle for the major share of the billions of dollars worth of telecommunications, weather and ther satellites expected to be sent into space by the non-communist world in the next 15 years.

The launch was delayed for almost two hours because of problems in co-ordinating the lift-off with ground tracking stations around the world, a "battery power failure" in the two satellites and a drop in hydraulic pressure in the rocket boosters.

At stake were not only competition between Europe and the U.S. for new launch contracts, but also the respective insurance costs related to each system.

Because of a number of recent failures, notably that of the Syncom IV satellite aboard the shuttle Discovery last month, insurance costs have risen from about 11 per cent of the total value of satellites four years ago to more than 20 per cent.

France sends Hernu after riots in New Caledonia

BY PAUL BETTS IN PARIS AND KIERAN COOK IN NOUMEA

M CHARLES HERNU, the French Defence Minister, left last night for New Caledonia where the local French authorities re-imposed a curfew after a day of some of the worst violence the Pacific colony has seen in recent months.

At least one person was killed and more than 70 injured, some of them seriously. The latest clashes happened after militant members of the native Melanesian community held a rally

Fiercely anti-independence, mainly white settlers intervened and police fought running battles with both groups for several hours through the streets of the capital, Noumea.

The white settlers, armed with everything from stones to bunting rifles, tried to attack the headquarters of the main Melanesian political party, the Kanak Socialist Liberation Front, but were kept away by an intense police tear-gas barrage.

The fighting was the first serious explosion of violence since the French Government announced at the end of last month its new plans for the colony's future.

M Edgar Pisani, the French Government's special envoy in the colony, accused members of the majority right-wing party in New Caledonia, the RPCR, of deliberately engineering yesterday's violent clashes.

M Pisani: blamed right-wing party for violence

M Dick Ukeiwe, the head of the RPCR and of the territorial government who is vigorously opposed to the independence plans for the islands, retorted that the special envoy's continued presence in New Caledonia constituted "the real provocation."

OVERSEAS NEWS

Eleven die as S. African migrant workers fight township residents

BY ANTHONY ROBINSON IN JOHANNESBURG

AT LEAST 11 peopla have died in fierce clashes between migrant Xhosa and Zuln workers and local township residents in the black township of Tsakane, near Brakpan, east of Johannesburg over the last *four days*.

Tha clashes began on Saturday when a crowd of youths who bad attended a funeral of a student killed in earlier unrest was tear-gassed by police and then moved on to try to burn down a beer hall in protest. The beer hall was full of migrant workers from a nearby workers' hostel.

According to local residents the migrant workers refused to vacate the beer hall and a fight ensued in which a migrant worker was killed. That night migrant workers went on the rampage breaking into nearby bomes in search of the *youths.* This sparked off large-scale fighting between township residents and the migrant workers with both sides armed with batcbes, stones, sharpened iron bars and dustbin lids.

Thousands of township residents fled the scene and sought refuge in nearby black townships or the open veldt. Strong contingents of police and soldiers with armoured cars were drafted into the townships to form a cordon between residents and migrant workers.

At *noon yesterday* a crowd of several thousand gathered in a football field half a mile from the hostel which had been burnt to the ground in the meantime. Residents demanded that the migrant workers leave the township. Taxis and buses *were stoned and people* went from house to house on Monday night urging residents not to go to work but stay behind and force the migrant workers to leave.

News of the violence in the township only emerged yesterday but it appears that the strong police presence and tension in the area may bave been one of the factors which led to tha arrest by police on Saturday *night* in Tsakane of trade union leader Mr Andries Raditsela. Mr Raditsela, a 30-*year-old* organiser for *the* Chemical Industrial Workers' Union and employee of the South African subsidiary of Dunlop, subsequently died on Monday afternoon shortly after his release from police custody.

Newspaper group chief resigns

BY OUR JOHANNESBURG CORRESPONDENT

THE BOARD of South African Associated Newspapers (SAAN) yesterday accepted "with regret" tha early retirement of Mr Clive Kinsley, group managing director and deputy chairman. A full board meeting is scheduled for Friday, *May 17 to choose a replacement* for Mr Kinsley and make other changes at board level.

Top level changes in tha group are expected to lead to the Anglo American mining and industrial conglomerate taking a more direct management role in SAAN which plunged intod a R6m (£2.47m) loss last year on the back of a R15m loss by the former Rand Daily Mail.

Anglo is the major shareholder in both SAAN and the Rival Argus publishing group through the Johannesburg Consolidated Investment Company and the Advowson Trust set up in 1975 to fight off a clandestine attempt by the Government to buy controlo f SAAN *and muffle criticism of govern*ment policies voiced by the Rand Daily Mail and other group publications.

Informed sources say that moves to bring SAAN back to profitability could lead in the longer term to an eventual merger between SAAN and Argus to create a single, but financially stronger, English-speaking press group.

The immediate cause of Mr Kinsley'a early retirement is linked to the unsuccessful launch of Business Day, a new business daily which has replaced the Rand Daily Mail. Mr Ken Owen, the original editor *of Business Day*, was replaced last week after only three issues by Mr Nigel Bruce, *deputy editor of the group's* successful weekly Financial Mail. Mr Stephen Mulholland, editor of the *Financial Mail*, has been made editor in chief of both publications.

Mr Mulholland is busy revamping the paper and plans to upgrade both the political and financial coverage of the paper as well as expanding sport and other general interest areas.

Plea to ease Africa's $97bn debt burden

BY PETER BLACKBURN IN BRAZZAVILLE

CONGO'S *President* Denis Sassou - Nguesso yesterday warned that developing countries weer being "asphyxiated" by their external debt and called on creditor countries to make greater efforts to ease the problem.

Opening the three-day annual meeting of the African Development Bank in Brazzaville, President Sassou-Nguesso criticised the "dominant egoism" of creditor countries in failing to ease Africa's estimated $97bn (£80bn) *debt burden.*

He etold some 1,000 delegaes and bankers meeting in the new Chinese-built *Congress* Centre that Africa was being increasingly pusbed to the margin of the world economy.

Confronted with recurring problems of drought, desertification, famine and disease, Africa was in an increasingly precarious situation, he said.

The bank has become the continent's "most efficient" development financing institution, he said. Lending *has* risen to $850m in 1984 from $2.3m in 1966, the first year of operation.

The meeting is expected to anthorise the bank to start preparations for a further major capital increase. When non-African countries joined in 1982 the bank's capital aws more than doubled to $6.3bn: this is expected to be at least doubled again to finance the next five-year lending programme (1987-91).

U.S. ponders Palestinian presence at peace talks

By Richard Johns in Amman

KING HUSSEIN and the Jordanian Government are awaiting an American response to Palestinian names to be included in a proposed joint delegation which, they bope, will soon start a dialogue with the U.S. aimed at exploring the possibility of full Middle East peace negotiations.

It is understood that Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, who beld talks with King Hussein on Tuesday night, has privately given his blessing to the inclusion of Palestinians who are members of the Palestine National Council, the parliament in exile, but not closely associated with the PLO as such.

The U.S. response is not expected until Mr George *Shultz, U.S. Secretary of* State, meets King Hussein in Aqaba at the weekend. American approval meanwhile will depend upon a measure of Israeli acquiescence.

The make-up of the Palestinian component in a joint delegation has already been discussed during U.S.-Jordanian *exchanges* here, according to senior Western *diplomats.* The *U.S. is* understood to see a distinction between members of the *PNC and PLO.* It *has* evidently been trying to persuade Israel to take the same view.

The PNC includes a number of independents. It is believed that men such as Mr Elias Freij, moderate mayor of Bethlehem, and Mr Edward Said, a distinguished academic now teaching at Harvard, could be on the list. Mr Freij visited Amman yesterday.

In Washington a State Department spokesman was cautious when asked about the possible inclusion of PNC members but acknowledged that it was one of several formulas being evaluated.

Neither Mr Arafat nor other members of the PLO Executive Committee wish to associate themselves publicly with such formula which they rejected at a meeting in Baghdad two weeks ago. They also ruled out recognition of Israel—the alternative solution proposed by the U.S. for breaking the deadlock.

South Korea takes an ambitious leap into high technology production

Fishing for big gains in chips

In the second article of a three-part series on Asian hi-tech industries, Steven B Butler, in Seoul, reports on developments in South Korea. The first article, on Singapore, appeared on May 2.

SOUTH KOREAN *electronics* producers are making an ambitious leap into the age of high technology. They are pouring money into research and development and making a concerted *effort* to *shed* their imaga as a low-cost, low-quality producer for offshore companies which *provide* technology *and* design.

It is a risky strategy, and *some of the major players* such as Daewoo Electronics, are still holding back, continuing to rely on the country's *traditional* manufacturing strength. Others believe however that they have no choice but to take the plunge. "It is the only way to survive," says Mr Chung Jae-un, president of Samsung Electronics, which bad $1.3bn in export sales last year.

Samsung *is widely regarded* as the most aggressive of the major electronics companies. *Last* year its sister company within the Samsung group, Samsung Semiconductors, began producing 64 kilobytes random aces memory chips, and next month the company says it will begin mass production of tha 256K Ram chip, making South Korea the third country with such a capability after Japan and the United States.

It is an impressive achievement for a company which began by soldering together transistor radios and black and white television sets in 1969, and made major investments in research and development only six years ago. Yet it is typical of the ambition that has characterised South Korea'e push into overseas construction, shipbuilding, steel, and now cars. As with these other industries, there remains considerable doubt over *whether it has bitten off more* than it can chew.

Samsung is entering the market at a time when it is flooded with memory devices and when major clients in the U.S. have cut production, but Mr Chung is not worried. "As a result of our research and development efforts, today we are the most cost effective, competitive company," he says.

Mr Park Sung-kyon, executive vice-president of Daewoo Telecom, credits Samsung with forcing the Japanese producers to lower the price of their 64K Ram chips, which has fallen from $4.50 a few years ago, to about $1 today.

The rapid decline in prices however has caused Daewoo to reconsider *proceeding with its* own development of large capacity memory chips. Currently Daewoo Semiconductor concentrates on making custom chips, mainly for in-house use. Mr Park says be expects that in the coming years custom chips will expand from their current 25 per cent share of tha total market to about 50 per cent.

Mr Chung says that because of a hard-working labour force, lower wages, and effective quality control, Samsung can produce the 64K Ram chip at a price of just 80 cents, which he says is 25 per cent below the U.S. price and 15 per cent below the Japanese level. Exports of these chips reached $85m last year. He expects the same advantages will apply to the production of the 256K Ram chip.

The company was budgeted to spend $60m on semi-conductor development this year and $87m in 1986, but some of Samsung's competitors doubt that it can recoup *its huge invest*ment. The price of semiconductor devices tend to fall *rapidly after their first intro*duction, heavily penalising latecomers. Samsung initially purchased the chip designs from Micron Technology Devices, a small U.S. company but later designed its own chip.

Gold Star Semiconductor, a more conservative company, has given up hope of marketing its own design of 256K Ram chips. Mr Min Pyung-Jun, senior managing director, says the company has developed the processing capability to manufacture the chip, but will not go into production unless it can purchase the masks (electronic moulds) from elsewhere. But he says, "We will challenge the one magabyte chip," indicated that Gold Star, like Samsung, intends to be a full participant in the next round of major technological advances.

The companies admit they will have more difficulty cracking the rapidly changing market for computers because they still lag behind the U.S. and Japan in technology and design capabilities. While Samsung sees *itself as a major manufac*turer of memory devices, Gold Star sees its niche as the off*shore* manufacturing base for AT & T and Olivetti, with which it has several technological and manufacturing agreements. Gold Star says it expects to market overseas its own design of personal computers under its own label within three to five years.

The push towards higher technology, has come with substantial suport from the Government, which has provided financing and has offered tax incentives for spending on research and development. Private sector *spending on* semiconductor development is expected to exceed $1bn by next year. *The large companies* have exploited the funds to set up sophisticated research complexes on tha outskirts of Seoul, and have established offices in California to keep abreast of rapidly changing technology.

The Government has brought companies together to form research consortia for the assimilation and development of technology. Mr Park says Daewoo's aim at the research centres was three-fold: the import of "state of the art" technology, tha use of that technology to improve products and reduce manufacturing costs, and finally to develop new products. "We are currently standing at the threshold of the third goal," he said.

Philippine officers urge reform

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT, IN MANILA

DIFFERENCES have emerged within the Philippine armed forces between younger officers and older generals over a mounting guerrilla insurgency and tha military's internal management practices.

This was disclosed yesterday *by Mr Juan Ponce Enrile, Minis*ter of Naitonal Defence, when be gave details of a new "reform group" inside the armed forces.

Answering questions from the foreign Press, *he* insisted that the group was small and did not represent a threat or danger to the military's unity, President Ferdinand Marcos, the Government or country.

Asked if the group had his approval, he said: "I have no reason to disapprove of it or be jubilant about it. It is there."

Western diplomats are never*theless puzzled by the implica*tions of tha group's public emergence, which coincides with *rising* concern *at home* and abroad about the activities of 10,000 armed members of the New People's Army (NPA), the military wing of the banned Communist Party of the Philippines.

Behind its appearance lie embarrassing accusations made in recent years that military abuses have fanned the insurgency, corruption has become too widespread and too many generals have overstayed their posts.

Mr Enrile said the group consisted of colonels, majors, cap*tains and first and second lieu*tenants drawn mostly from officer classes graduating between 1971 and 1985. These officers comprise 70 per cent of the total officer corps.

Gujarat strike called off

THE beleaguered Congress-I Government of Gujarat state in *Western India* was yesterday given a respite when 1.2m striking civil servants returned to work after an absence of two days, K. K. Sharma reports from New Delhi.

This followed an agreement on some of their demands, including a roster system of *promotions* which favours the Harijans and other "backward castes." An agitation over job reservations has shaken Gurarat stata for two months and is continuing.

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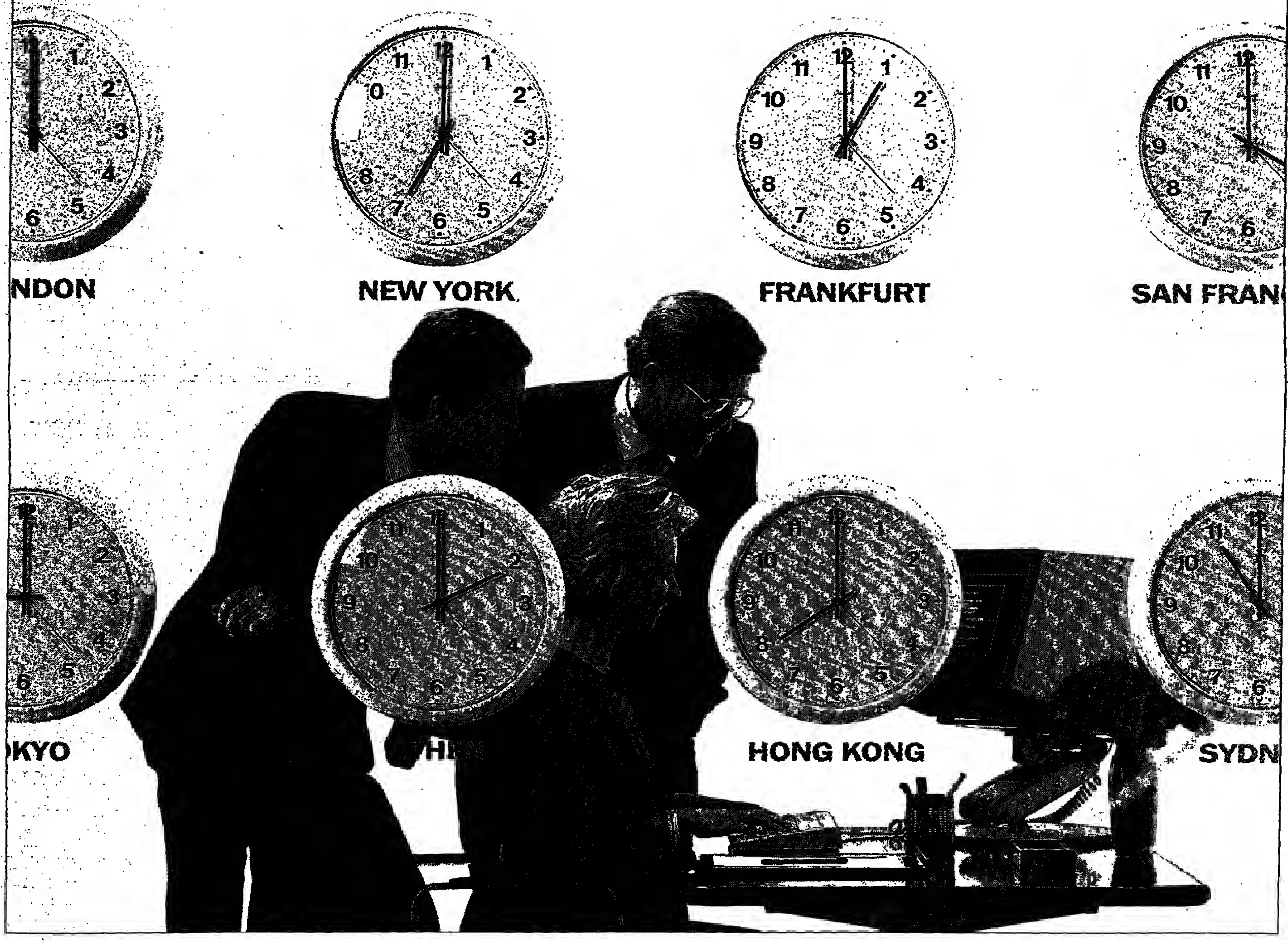

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Former U.S. deputy defence secretary jailed for four years

BY PAUL TAYLOR IN NEW YORK

Mr Paul Thayer, the former Reagan Administration deputy defence secretary, was yesterday jailed for four years for obstructing justice during a U.S. securities and Exchange Commission (SEC) investigation of his part in an insider stock trading scheme. Mr Thayer had pleaded guilty to the criminal charge.

The verdict came the day after Mr Thayer and two associates agreed to pay over $1m (£820,000) to settle U.S. SEC charges that he and a group of associates made over $1.9m in illicit profits on insider information between September 1981 and September 1982 while he was chief executive of LTV, the U.S. steel group, and a director of a number of other major U.S. companies.

The settlement was the largest ever obtained by the SEC which launched its investigation 16 months ago. The investigation has thrown up embarrassing details about Mr Thayer's personal life and eventually led to his resignation from the Administration.

Defence lawyers had expressed hopes that the size of the settlement would reinforce their pleas for leniency when the judge sentenced Mr Thayer and Mr Billy Bob Harris, a former Dallas stockbroker and friend of Mr Thayer, on the criminal charges yesterday. Mr Harris was also jailed for four years.

Federal district court Judge Charles Richey said the heavy prison sentence was necessary to deter insider trading. There was a "necessity" for Mr Thayer to be sent to jail in order to protect "the credibility of the criminal justice system."

Thayer: pleaded guilty

He rejected requests by the two defendants for probation and community service as an alternative to a prison sentence despite an emotional appeal for leniency from Mr Thayer who said: "I have paid a terrible price for an action that has, in effect, destroyed my life. I don't like myself as well as I used to."

As part of the settlement on the civil insider trading charges with the SEC, Mr Thayer, 65, agreed to pay $550,000. Mr Harris agreed to pay $275,000 and Mr Gayle Schroeder, a Texas banker and another Thayer associate, agreed to pay $176,383.

Texaco strikes oil at first attempt in Colville delta

BY WILLIAM HALL IN NEW YORK

TEXACO, the third largest U.S. oil company, has struck oil in what could be an important field in the Colville River delta area of Alaska's north slope.

The discovery follows a string of disappointments by other oil majors who have failed to find some of the 60bn barrels of oil which are estimated to lie under the slope.

Texaco announced yesterday that it had discovered oil at the first exploratory well it had drilled in the Colville Delta, which is about eight miles west of the Kuparuk River oilfield. Oil flowed at rates ranging from 414 barrels a day to 1,075 b/d and the natural gas flow ranged from 36,000 cu ft to 391,000 cu ft. The oil had a 25-degree API gravity.

The company said yesterday it would have to drill more holes before it could determine whether the field is commercial.

Nicaragua 'may boost trade with Canada'

By Bernard Simon in Toronto

NICARAGUA'S TRADE with Canada is likely to increase as a result of the U.S. embargo, an official in the Canadian Department of External Affairs said yesterday.

Canada's support of the Contadora peace initiative in Central America implies an interest in maintaining the region's economic stability and the Nicaraguan Government has approached Ottawa to support its arguments against U.S. sanctions.

The official added: "The fact that the U.S. is out of the Nicaraguan market means that there is more room for everyone else."

Canada hosted a trade mission from several Central American countries, including Nicaragua, in late April, but the Government has taken no specific measures to expand trade with Nicaragua since the U.S. embargo was implemented.

Canadian exports to Nicaragua, consisting mainly of farm produce and machinery, totalled C$22.5m last year, while imports amounted to C$45.3m ($32.8m).

The Nicaraguans have aggressively promoted sales of processed meat to Canada for several years and the U.S. embargo is expected to lead to a further increase.

Tim Coone in Managua adds: Dr Alejandro Martinez, Nicaragua's foreign trade minister, said yesterday that the Canadian market had a good potential to absorb Nicaraguan meat and shellfish exports and that Canadian technology and manufacturers could fill the gap in imports left by the U.S. trade embargo.

He said that agricultural machinery, pesticides, fertilisers and chemicals were products formerly purchased in the U.S. that would now be sought by Nicaragua in the Canadian market. Nicaraguan Government-linked trading companies based in the U.S. would be moved to Toronto to facilitate the increased flow of trade, he said.

In 1984, Nicaragua exported about $13m of products to Canada and imported $27m.

"The United States is isolating itself by its policy towards Nicaragua, and I think it is going to boomerang," Dr Martinez said. He added that 45 U.S. companies were operating in Nicaragua and stood to suffer as a result of the embargo.

Some economists say a new recession is looming in America, others say no but....

Beware the unbalanced bounceback

BY STEWART FLEMING IN WASHINGTON

US ECONOMIC DIARY

WHEN President Ronald Reagan returns from his European tour tomorrow he will know that his Administration must tackle alone the economic problems it is facing, at leaset for tha time being.

The President's powers of persuasion have not been up to the task of convincing his industrial partners that the time had come for them to stimulate their economies. He had hoped that they would take over the role of world economic locomotive from an American economy which is finding the burden of keeping U.S. and world economic expansion rolling just about unbearable.

The main threat to the U.S. economy is not a lack of demand. Even in the sluggish first quarter, when economic growth slumped to a paltry annual rate of 1.3 per cent, gross domestic purchases, which measure total demand in the economy, jumped at a rate of 4.6 per cent.

The rub has been that, as in the third quarter of last year when real growth plunged to an annual rate of 1.6 per cent compared with the 8.6 per cent recorded in the first half of the year, surging imports have siphoned off sales, and with them jobs, to foreign producers.

The question which economists have been asking recently it: could the drag on the economy from the foreign trade sector, partly a result of the strong dollar, provoke a fully-fledged recession?

The answer is no, most private and Government economists think. But it is an answer offered with varying degrees of confidence. For Mr Preston Martin, vice-chairman of the Federal Reserve Board, it is a question of "No, but . . ." He has been warning that with growth over the past three quarters averaging only 2 per cent in real terms, a "growth recession," under which sluggish expansion causes unemployment to rise, is a real threat.

Mr Martin's comments are seen as an indication that he may favour some further easing in Fed monetary policy when the central bank's policy-making open market committee meets in two weeks' time.

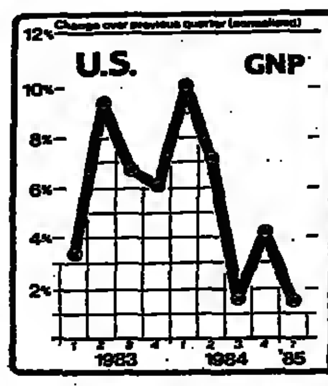
Most economists are less pessimistic about the outlook. Mr Sidney Jones, the Commerce Department Under-Secretary for Economic Affsirs, is among those who expect a bounce back in the second quarter.

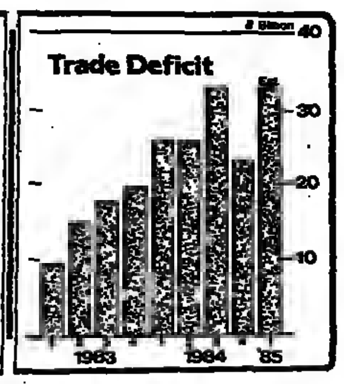
On this view the foreign trade sector in the second quarter is unlikely to see the $26bn negative swing (on an annual basis) which helped to account for the slowdown between the final quarter of 1984 and the first quarter of 1985. Government purchases, capital investment and a consumer sector buoyed by delayed tax refunds will contribute to this bounce back, it is argued.

Mr David Hale, chief economist with Kemper Financial Services in New York, agrees with Mr Jones that U.S. recessions do not normally begin with tha type of slowdown in the manufacturing sector that the U.S. has seen since last August. Rising inflation and tightening money and credit policies, which then combine to curb the growth of consumer real income and business spending are the elements that usually bring the economy to a standstill.

Moreover, it is argued, with inflation subdued, and the Fed well aware of the risks to the world economy from a U.S. slowdown, the central bank will ease monetary policy to keep the U.S. expansion going. Arguments like these help to explain why most U.S. economists and the Commerce Department are expecting the U.S. economy to expand by around 3 to 3.5 per cent this year.

But not everyone agrees with this quite encouraging forecast. Mr John Paulus and Mr Stephen Roach, economists with investment bankers Morgan Stanley in New York, have been tracking closely the import penetration in the U.S. economy, and have concluded that the U.S. has a dangerously unbalanced expansion unfolding.





They are expecting only 2 per cent real growth for 1985 with the slowdown accelerating in the fourth quarter when gross national product is forecast to shrink by 0.6 per cent. In Mr Paulus's view, the goods-making sector, which accounts for 45 per cent of employment is going to be a bigger drag on the economy than his peers suspect.

Moreover, he says: "I do not believe the Fed will adopt an aggressively stimulative policy if the economy does begin to flatten out." To do so, he suggests, would be to run the risk of further exacerbating unhealthy trends in economic activity.

On this point there is more ever the broad macro-economic numbers show, the details of what is actualy going on on the ground are in many respects anything but healthy. A shrinking manufacturing sector is exporting jobs and production facilities to try to be more competitive. Protectionist pressures are barely under control but that is more than can be said for federal spending. The financial sector is riddled with speculative excesses ranging from "junk bond" financed takeovers to dangerous real estate investment.

The Reagan Administration has stopped suggesting that the U.S. can grow its way out of the imbalances in the economy. With the dollar where it is, rapid growth would simply suck in more imports and capital.

The next few weeks should show whether the President is prepared to go further towards compromises with Congressional Republicans to attack the federal budget deficit, which most economists argue is the source of the growing distortions under which the U.S. economy is labouring.

Banks agree to reschedule Chilean debt payments

CHILE's creditor banks have agreed in principle to reschedule $7.25bn (£5.94bn) of capital repayments due between 1985 and 1987 over 12 years with six years' grace, the Central Bank said, Reuter reports from Santiago.

It said the banks also agreed on a package to meet Chile's financing needs of $1.96bn for this year and next by means of fresh bank loans, lowering interest rates on earlier loans, changing the periods for interest payments, World Bank loans and other official lending.

It did not say how much new money was involved.

The banks also agreed to maintain short-term trade credits of $1.7bn until the end of 1987, the Central Bank said.

The debt rescheduling for the 1985-87 period covered public and private sector repayments, which according to previously - published Central Bank figures total $7.25bn.

The bank did not say what interest rates the rescheduling or the new credits would carry.

Debt negotiator Sr Hernan Somerville will return to New York next week for more talks to finalise details of the package.

The $1.96bn financing for this year and next is part of a programme agreed with the International Monetary Fund but bankers said they were reluctant to cover this gap solely through new loans.

Contra commander defects

BY TIM COONE IN MANAGUA

A MILITARY commander of the U.S.-backed Nicaraguan guerrilla organisation, the FDN, has deserted and offered to help the Sandinista Government to defeat his former organisation. The FDN, based in Honduras, is the largest of the three main contra forces seeking to overthrow the Sandinistas.

Sr Jose Efrain Mondragon was formerly a leader of an FDN "regional command" with some 1,000 guerrillas under his command. He deserted in March to take advantage of the general amnesty decreed by the Government earlier this year.

At the time he sought political asylum in the Mexican Embassy in Honduras, and since then has been awaiting a safe conduct pass to return to Nicaragua.

Honduras' decision to allow Sr Mondragon to leave is surprising in that he is now able to reveal detailed information of the links that the FDN has maintained with the U.S. Central Intelligence Agency (CIA) and the Honduran armed forces. The information is likely to cause considerable embarrassment to both the U.S. and Honduran governments.

At a Government sponsored news conference in Managua on Tuesday, Sr Mondragon said that the FDN's military operations inside Nicaragua were directed by the CIA and Honduran armed forces and that the morale of the organisation was low.

There was in-fighting in the FDN, he said, and hundreds of dissidents had been assassinated by its leaders and were buried in communal graves in a number of locations.

The FDN maintained a counter-intelligence network in Honduras which worked in collaboration with the Honduran military intelligence, he said.

Contracts & Tenders

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Snamprogetti set for contract-winning spree in India

BY K. K. SHARMA IN NEW DELHI

SNAMPROGETTI, the Italian engineering company, is on a contract-winning spree in India. Having won what is virtually a turnkey contract for the $550m fertiliser plant to be set up in the public sector at Jagdishpur in Uttar Pradesh, it has been awarded an almost identical contract in the private sector.

The award of the second contract, for a $500m gas-based fertiliser plant at Sawai Madhopur in Rajasthan State, was announced yesterday by Mr K. K. Birla, chairman of Zuari Agro Chemicals, which is to operate the plant.

Snamprogretti won both contracts in competition, with such giants as Toyo of Japan and American Kellogg, and there is a good chance that it will be awarded more of the same kind.

The Indian Government has plans for establishing six gas-based fertiliser plants in various parts of the country based on supply of natural gas from the Bombay High offshore oilfield in the western continental shelf.

All the plants will be connected by a single gas pipeline for which the Government is negotiating with a number of foreign companies, including Snamprogretti which now has a head start over its competitors.

Mr Birla said Snamprogretti was selected for his company's plant in Rajasthan because it had the "largest experience" and because it submitted the lowest bid.

He said that the hard currency component for the plant's capital equipment was worth about $150m which would be obtained from suppliers' credits and international financial institutions.

UK prospects for Soviet trade 'never better'

BY DAVID BUCHAN

PROSPECTS for Britain reversing some of its decline over the past 20 years from first to eigth position among the Soviet Union's Western trading partners have never been better than this year, but are still hampered by the defeatist attitude by some UK companies to the Soviet market, a House of Commons committee was told yesterday.

Briefing the Commons Foreign Affairs committee, a group of UK businessmen representing the East European Trade Council (EETC) said the 1986-90 Soviet plan now being prepared in Moscow held out potentially large amounts of new business for UK companies, in turnkey contracting and in the sectors of food, energy, automotive, chemicals, petrochemicals, and, within the confines of new Western export controls, electronics.

But a paper presented to the committee by Lord Shackleton, the EETC's president, noted that many companies were under the overall impression that the UK had "a lesser need to trade with the Soviet Union than most of our competitors," including the U.S.

Many small UK companies also felt the Soviet Union was too costly and time consuming a market to develop, but Mr Ralph Land, a senior Rank Xerox executive, told the committee that the Soviet authorities were now actively wooing smaller companies.

Britain laboured under a disadvantage relative to Western competitors such as West Germany, Japan and Switzerland with lower interest rates, the EETC study claimed.

This was because despite the formally agreed Western minimum interest rate of 12 per cent on credit for capital projects, the Soviet Union still refused to pay more than 8 per cent.

Real storms are still to come in MFA debate

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE FIRST hint of European thinking on the futre of the Multi-Fire Arrangement (MFA) could come this afternoon when Mr Paul Channon, Britain's Minister of Trade, opens a debate on the subject in the House of Commons.

The MFA is the international agreement governing about 80 per cent of the world's trade in textiles and clothing.

It is organised under the aegis of the General Agreement on Tariffs and Trade (Gatt) and is the only major exception to the Gatt aim of freer trade.

Mr Channon is expected to indicate Britain's position on whether the MFA should be renewed when it expires at the end of July 1986.

No other European Government has yet expressed an opinion and the situation in the U.S., is extremely confused.

President Ronald Reagan has strongly supported trade liberalisation but well over a third of Congress has called for tougher sanctions against imports from the leading low-cost supliers.

Today's Commons debate ariaes because Gatt is committed to reviewing the MFA's working before the end of July.

As Britain, and all other Community members, are represented by the European Commission at all Gatt trade talks, the Council of Ministers has to discuss the matter in Brussels before the Geneva meeting.

At stake is the very future of the MFA. The arrangement, first entered into in 1974 and renewed in 1978 and 1982, is under attack from supplying nations such as Hong Kong, South Korea, and India.

They want it ended next year and while there appears to be a more liberal approach in the Western air, there are still enough opponents of liberalisation to ensure it will be renewed.

The Geneva meeting, probably in the last week of July, while reviewing the past three years of the MFA, will almost certainly take a tentative look ahead.

The supplying nations want the MFA ended because they say the industries of the West no longer need any protection and, why should textiles and clothing be protected when cars and electronics, and other consumer goods are not? Gatt covertly agrees with this view.

The Geneva review comes after more than 20 years of protectionism for textiles and clothing. This protectionism was introduced to allow the West to reorganise its old-fashioned, over-manned industries against the challenge of cheap imports—then largely from the Far East, especially Hong Kong.

First moves originated in the U.S., but in the mid-50's by imports from Japan—and arose out of election pledges given by the late President John Kennedy in 1960.

A Short-Term Agreement, covering one year from October 1961, was introduced to restrict imports, largely of cotton goods. This was followed a year later by a Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA), to run for five years from October 1962.

It was signed by 19 countries and covered exports from the developing countries of under $250m (£208m), of which Hong Kong accounted for 80 per cent.

The LTA was renewed in 1967 and in 1970, and although 80 countries were signatories by 1973 it was falling apart.

As a result of disruption caused to the West, not only in cotton but increasingly in wool and man-made fibres, Gatt accepted there was a case for bending the rules, and organising a system by which the importers—essentially, the U.S., the EEC and Japan—could have a grace period to reorganise their industries while allowing suppliers greater access to their markets.

The MFA, therefore, came into existence on January 1 1974 covering all textiles and clothes. Under it, everything that enters into trade is put into a category and each importer is allowed to negotiate a bilateral agreement with each supplier.

There are 123 categories, ranging from category one, which covers cotton yarn, a sensitive category, to items such as wool blankets (category 66), felt (95), wigs (106) and woven pile fabrics of flax (123).

Many of the categories at the end of the scale have no quotas assigned to them since they do not cause any disruption of trade—probably not much more than a third of the 123 categories cause importers serious problems.

Unfortunately, the MFA was signed just before the 1973 oil crisis and hopes of allowing exporters 6 per cent growth a year in all quotas was smashed by the recession.

When the MFA came up for renewal, the West wanted—and got in MFA 2, much tougher access rules.

Gatt's hopes that the MFA would provide for orderly growth in textile trade while avoiding undue hardship in the importing nations, became little more than a sentiment.

MFA 2, and MFA 3 in 1982, was devoted to blocking loopholes as even lower-cost suppliers, such as China and Sri Lanka, supplanted the original low-cost suppliers and an arcane language covering basket extractors, swing, roll-over and roll-back arose to keep imports to the minimum.

Because of pressure from an increasing number of suppliers, though, the importers had to agree in 1982 that the working of MFA 3 should be reviewed one year before it expired.

Mr Channon will today address himself to this review.

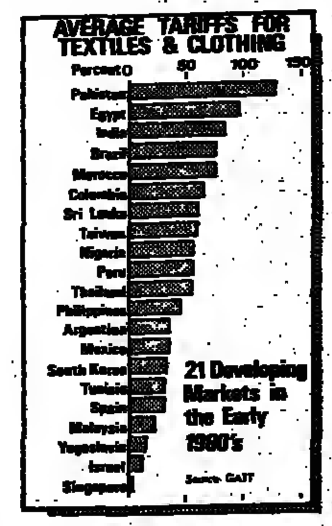
If the MFA is to be abolished or renewed, it is unlikely the decision will be taken until the very last moment—July 31 1986.

Today's Commons debate with July meetings of the Council of Ministers in Brussels and the Gatt Textile Committee in Geneva will all merely stir the pot a little. The real storms are still to come.

THE EEC'S SUPPLIERS
(GOODS COVERED BY THE MFA) (m Ecus)

	1977	1979	1981	1983	Rise % 1977-1983
Total	7,629	10,284	12,900	14,811	94.0
From					
Industrial countries of which	2,005	3,435	3,628	3,855	92.0
U.S.	537	860	919	617	14.9
Japan	186	239	390	458	146.2
Low-cost countries of which	5,624	7,389	9,272	10,956	94.8
Hong Kong	1,006	1,282	1,623	1,692	68.2
South Korea	500	578	905	842	68.4
Yugoslavia	328	372	416	647	66.8
India	368	477	613	557	51.4
China	119	187	416	549	277.3
Taiwan	278	332	447	500	79.9
Romania	165	243	237	297	80.0
Pakistan	124	180	235	275	121.8
Macao	133	151	231	258	93.9
Brazil	158	186	213	256	62.0
Others, incl. Spain, Portugal, Turkey etc.	1,020	1,585	1,950	2,938	188.0

Source: Comitextil



Canada in bid to defuse EEC beef quota row

BY IVO DAWNAY IN BRUSSELS

The Canadian Cabinet has aproved a compromise quota on EEC beef imports which should defuse the long-running row over unilateral sales restrictions imposed by Ottawa in January.

The proposal is expected to settle on an annual 10,600 tonne quota for low grade EEC beef — a substantial improvement on the 2,700 tonne ceiling imposed and surpassed in the New Year. There should also be additional tonnage allowed for high grade produce.

Bilateral discussions on an agreement are expected to open again towards the end of this week before a final text is submitted to EEC foreign ministers for approval later this month.

The Canadian decision, taken in the face of strong pressure from hard-pressed domestic suppliers, is expected to persuade the Community to withdraw its threat of retaliatory trade restrictions on imports of maple syrup and rye whisky.

Japanese to build Saudi ammonia plant

By Finn Barre in Riyadh

THE SAUDI Arabian Basic Industries Corporation (SABIC) has announced that Toyo Engineering Corporation of Japan has signed a letter of intent for the construction of $100m (£83m) ammonia plant.

The plant which will have a daily capacity of 1,500 tonnes, will be built in Jubail on the Gulf. The contract is expected to take 29 months for completion, and construction is expected to start about the end of June.

Voest Alpine oil-for-food talks

BY TERRY POVEY

VOEST-ALPINE, the state-owned Austrian industrial and trading conglomerate, is negotiating for a $2bn (£1.6bn) oil-for-food countertrada deal with Iran.

The Linz-based company has already concluded an agreement with the Islamic Republic to supply $1bn-worth of raw materials and manufactured goods in exchange for $1bn-worth of crude oil.

The size of the Voest arrangement with Iran is such that many third parties, British companies included, have beaten a path to Linz. Exporter demand is reported to be three times the amount available.

Not surprisingly the services of Voest, for several years a loss-making company dependant on government aid, do not come free. It has to sell the $1bn worth of oil, which would rise to $2bn if the food deal goes through as a counter-trade arrangement, at an 8 per cent discount to the present average official Iranian crude price of $27.70.

To fill this gap, users of the Voest conduit are charged some 10 per cent to cover costs—a charge they are expected to cope with in their own price negotiations with the good's end-users in Iran.

Voest admit that the volatile oil market has not made the arrangement with Iran as profitable as originally thought. Senior executives speak of "adopting a long-term commitment to this market" in the face of the ups and downs of oil prices.

Efta celebrates its first 25 years—in pretty good shape

BY WILLIAM DULLFORCE IN GENEVA

WHO REMEMBERS Efta? Although its doing rarely make headlines and it has a reputation as a dull, nuts-and-bolts organisation, the European Free Trade Association is celebrating its 25th anniversary in Vienna this week in pretty good trim.

Indeed, not a few European politicians, including a substantial number of British Conservative Members of Parliament, believe that the less ambitious Efta, of which the UK was a founder-member, has been more successful than its big brother, the European Economic Community.

Mr Per Kleppe, its Norwegian Secretary-General, also argues that the seven Efta countries — Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland — have on average experienced a more favourable economic development than the Community countries over the last ten difficult years. Economic growth haa been higher nad unemployment much lower.

The relationship with the EEC was the paramount factor in the birth of Efta and will still dominate this week's proceedings in the Austrian capital. But the quality of that relationship has changed considerably.

In 1960, seven countries, including Britain and Denmark, formed Efta in response to the creation of the Economic Community of the aix — France, West Germany and the Benelux countries — which for varying political reasons they did not want to, or could not, join. They had in common the fear of economic discrimination by the Community.

At the beginning of 1984, the EEC lifted the last remaining tariffs—on pulp and a paper products—in its trade in manufactured goods with Efta.

The free trade agreements individually negotiated with the Community by the Efta members had completed the world's largest free market for industrial goods, covering more than 310m people in 17 countries, and Efta had secured its $75bn (£68bn) annual trade with the EEC.

Meanwhile, Britain and Denmark had "defected" to tha Community, while Finland and Icelaod had become Efta members.

Portugal will move into the EEC fold next year but the conception of Efta as a waiting-room for entry to the Community is less applicable to the remaining six members.

Four of them—Austria, *Finland, Sweden and Switzerland*—are neutral countries with differing political constraints against joining the Community.

Norway would have become an EEC member in 1973, had its government's plans not been reversed by a referendum, the result of which still reflects the attitude of a majority of Norwegians. Iceland could have valid economic reasons for making the jump, but politics again militate against it.

In 1986, then Efta will group six small, wealthy countries, including three — Switzerland, Norway and Sweden—whose *per capita* income is the highest in the industrialised world.

All their economies depend on assuring larger outlets for their exports than their small home markets can provide.

In Vienna this week, the Six will be assessiog the moves they made recently to consolidate their positions by ensuring even closer co-operation with the expanding EEC.

In the so-called Luxembourg Declaration of April last year, Efta won agreement from EEC ministers to abolish the remaining non-tariff barriers to their trade. The declaration also opened the way for the inclusion of Efta countries in EEC research and development projects.

Officials from the two groups are giving priority to the removal of technical barriers to trade and to simplification of border formalities, documentation and rules of origin.

Co-operation on creating a European data base to contain an index of standards in Europe has already been agreed—there are more than 100,000 standards in the Efta and EEC countries, as well as technical regulations prescribed by individual countries.

Efta is also banging at the doors of the EEC's new research and developments programmes in information technology, telecommunications and biotechnology.

Not all these programmes are open to outsiders but Mr Kleppe says his officials are trying to get an understanding on how and on what terms Efta companies can participate.

Mr Kleppe, whose public *statements* as Norwegian Finance Minister were once renowned for their dryness and technicality, can wax almost lyrical over the opportunities opened up to countries and companeis by the "future West European home market."

The benefits of this industrial market place are not one-sided. *It is true that more than half of* Efta's trade is with the EEC, but in 1983 Efta was a bigger customer for Community exports than the U.S., Canada and Japan combined.

Mr Kleppe attributes Efta's success partly to its modesty. As a free-trade area, not a customs union like the Community, it has no "common policies" and has not aimed at common economic or monetary policies.

Its modesty is also reflected in the sizes of its 1985 budget, SwFr 11.6m (£3.6m) and its Secretariat in Geneva, which has only 66 posts.

Recently, there appears to be a shift from past practice among Efta members towards co-ordinating policy of international issues.

Austria, as current association chairman, acted as spokesman for the group at the last ministerial meeting of the Organisation of Economic Co-operation and Development (OECD) and at the last council of the General Agreement on Tariffs and Trade (Gatt).

A joint declaration on the next round of international trade negotiations under Gatt can be expected from the Efta countries in Vienna.

THE EUROPEAN Commission yesterday approved a plan of action to reinforce links between the European Community and Efta, with the ultimate objective of creating a single European Economic Area, Quentin Peel reports from Strasbourg.

The plan, endorsed at yesterday's weekly Commission meeting on the eve of Efta's 25th anniversary celebrations in Vienna, would include increased co-operation in the fields of advanced research, and further steps to remove technical and administrative barriers to trade.

EFTA AND THE EEC

	Population	Area in sq kms	GDP, percentage change from previous year 1983	1984	1985
EFTA	41.6m	1.4m	1.9	2.6	2.5
EEC	271.4m	1.7m	1.1	2.4	2.4

Source: EFTA Secretariat (1985 figures are estimates)

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BUSINESS LAW

The constitutional issue of EEC transport policy

By A. H. HERMANN, Legal Correspondent

IN A fortnight's time the European Court will take a step which, if nothing else, will greatly influence its standing in the Community. It will for the first time deliver a judgment on a complaint by the Parliament and the Commission that tha Council has fallen foul of the EEC Treaty.

The Parliament and the Commission complain that the Council failed to agree a common transport policy and, in particular, to deal with 14 proposals for regulations or their amendments submitted by the Commission. This action took the court quite clearly into the political arena. If it simply endorses the complaint, it will greatly enhance the standing of the Parliament and of the Commission. Should it go further and declare valid and enforceable in national courts some of tha rules which the Council failed to agree within the elapsed transitional period, it will achieve e constitutional revolution by providing the Parliament with a back door to legislative power, denied to it in the Treaty.

Going by the opinion (of 112 pages) submitted to the court by its Advocate-General, C. O. Lenz, in January, one can expect that the court will endorse the complaint, but go no further.

Herr Lenz, who is not without considerable political experience, denies strenuously that by deciding these issues the court is entering the political arena. He views it as a purely legal problem. To keep in step with him one would have to put out of one's mind (bow, I bave never discovered) wbat is the root of the difficulty.

The transport industry, providing about 6.5 per cent of the GNP of the Community, exclnding internal transport of private enterprises, has always been exposed to government intervention. Roads and railways were built with political and military needs in mind and often these took precedence over the needs of the economy and commercial considerations. This is probably more true on the Continent than in the UK, bnt everywhere the competing claims of airways, rail, road and shipping on inland waterways as well as maritime have a political dimension and a bearing on the industries providing the means of transport.

The divergence of interests is reflected by the extremely vague provisions of the Treaty which, in Article 75 (a) and (b), simply tells the Council that it should, within the transitional period, agree "common rules" applicable to cross-border transport and "conditions under which non-resident carriers may operate transport services within a member state." Reaching the pinnacle of vagueness, the Treaty adds, in paragraph (e), that the Council should adopt also "any other eppropriate provisions."

Compared with the much more specific instructions regarding agricultural policy, in the field of transport the fathers of the Treaty left the Council very much to its own devices. Though these did not prove adequate to the task, it cannot be said that the Council did nothing. It approved a number of the 24 draft directives and regulations submitted by the Commission. The present case is about the 14 proposals which, according to the Commission, are still on the table.

The first line of defence adopted by the Council was a denial of any capacity of the Parliament to bring such an action into the court. Article 175 of the Treaty provides: "Should the Council or the Commission in infringement of this Treaty refrain from reaching a conclusion, the member states and the other institutions of the community may bring the matter before the Court of Justice to have that infringement placed on record."

Read on its own, this would include Parliament among the "other institutions" which may bring a case before the European Court, and this is the conclusion reached by the Advocate-General. He rejected the Council's argument that Article 175 had to be read together with Article 173, which gives the court jurisdiction over complaints concerning the legality of measures taken by the Council and the Commission "in proceedings instituted by a member state, the Council or the Commission . . ." The fact that Article 173 leaves out the Parliament did not impress the Advocate-General.

The Dutch Government placed on the table an interesting proposal which would enable the court to satisfy the desires of the Parliament and of the Commission without explicitly censuring the Council. It suggested that the court should extend to transport the principle it employed when declaring the freedom of services and the freedom of establishment to be directly enforceable in national courts. This happened after the Council failed to make regulations to that effect within the transitional period.

The Commission did not support this proposal, arguing that in view of the vagueness of the Treaty provisions for transport, direct enforceability was not yet on the agenda, though it might become so, should the Council continue to fail to act.

The Advocate-General avoided this prickly issue with a lawyer's craftiness which commands admiration: saying that direct enforceability in national courts, even if sanctioned by the court, would not excuse the Council from the duty to regulate as required by treaty in Article 175, he proceeded to deal with the 14 proposals of the Commission, and his conclusions may provide some guidance to what the court is likely to do.

One is glad to note that he dealt mercilessly with the two proposals which would bave led to a great expansion of the Brussels bureaucracy and nothing else. In one the Commission proposed to establish an "observation system" for movement of goods by rail, road and inland waterways between the member states; in the other a similar system was proposed for traffic with certain third countries.

The second proposal was rejected by the Council (which the Commission did not seem to know at the outset of the proceedings), and the Advocata-General exonerated the Council in respect of both because they fell under the completely indeterminate letter (c) of Article 75, leaving the Council discretion in deciding what are the "other appropriate provisions."

For the same reason the Advocate-General refused to censor the Council for not having dealt with the Commission's proposal of Community support for infrastructure projects of Community significance.

The remaining 11 proposals are all based on the somewhat more specific paragraphs (a) and (d) of Article 75, and the Advocate-General divided them into two groups. Six concern harmonisation in the field of social and industrial relations, taxation, technology and state intervention, as well as the establishment of a common plan for transport capacities, all new proposals over which the Council could not agree. The remaining five were amendments of existing regulations, and the Council argued that it had fulfilled its treaty obligation when passing the regulations in the first instance.

The Advocate-General did not agree. When the Commission proposed changes, the Council should have decided by either accepting or rejecting the proposal, or changing the regulations unanimously in accordance with Article 149 of the Treaty. The Advocate-General held that the Council failed in its duty in 10 out of the 14 proposals of the Commission. We have only a short time to wait to see if the court will endorse his opinion.

Legislative projects which the Council should have decided, according to the Advocate General:

NEW MEASURES:

(1) Harmonisation of social measures in inland shipping;
(2) Co-ordination of national systems of taxation for heavy goods vehicles;
(3) Weights and measures of heavy goods vehicles (the juggernauts) and supplementary rules for construction and operation;
(4) Road haulage between member states;
(5) Access to the inland shipping market.

AMENDMENTS

Five amendments of earlier regulations (No. 1191/69, 1192/69, 269/65, 3164/76, and the first regulation of the Council of July 23, 1962). The most important of these is probably Regulation 3164/76, establishing qnetas for haulage between member states.

APPOINTMENTS

Standard Chartered Bank makes European moves

MAKES EUROPEAN MOVES. TWO SENIOR European managers with Continental Illinois Bank of Chicago have left to join STANDARD CHARTERED BANK, Britain's fifth largest.

They are Mr Peter McSloy, formerly managing director of Continental Bank in Belgium, and Mr Philippe Bouckaert, formerly Continental Illinois Bank's general manager in France.

Standard Chartered has a major investment in Europe which, it says, it considered should be more fully exploited. As a first step it has appointed these two experienced European bankers to the management team in London.

Mr McSloy, who was responsible for Continental Illinois Bank's operations in several European countries, Francophone Africa and the Middle East, joins Standard Chartered as general manager, Europe. He succeeds Mr Ian Watson, who bas retired.

Mr Bouckaert has been appointed an assistant general manager with Standard Chartered.

Mr Michael McWilliam, group managing director, said: "It is my intention during the coming months to recruit further experienced bankers, in conjunction with these two appointments. I am confident that this will be welcomed as a significant initiative in furthering Standard Chartered's objectives in Europe."

★

Mr Denzyl Sequeira has been appointed general manager of CMG COMPUTER MANAGEMENT GROUP (UK). The subsidiary companies he will have responsibility for are CMG Information Processing Services, CMG Information Services for Associations, and CMG Information Procesing Services Northern. He had been managing director of several subsidiaries.

★

Mr Sam Wainwright and Mr Stuart McDowall have been appointed new part-time members of the MONOPOLIES AND MERGERS COMMISSION. Sir Alan Neale has been re-appointed a deputy chairman for a further period of ten months from May 1. Mr Wainwright was managing director of National Girobank and a member of the board of the Post Office from 1977 and deputy chairman of the Post Office from 1981 until March 1985. He remains a non-executive board member of the Post Office. Mr McDowall is senior lecturer in economics at St Andrews University.

LONDON SHOP PROPERTY TRUST has appointed Mr John Bushell as executive vice chairman from June 1. Mr Bushell, who has been a non-executive director of London Shop since January 1982, is e director of J. Henry Schroder Wagg and Co. He will be resigning his directorships in the Schroder Group when he joins London Shop.

★

Mr A. Baron, Mr A. V. Booth, Mr D. J. Chapman, Mr E. R. D. Hampton, Mr C. H. Pitman, Mr P. J. Reynolds, Dr I. M. Richards, Mr P. J. Spraggs and Mr R. A. Warburton have joined the partnership of LAURIE, MILBANK & CO, stockbrokers.

Changes at French Kier

FRENCH KIER HOLDINGS has appointed Mr T. Carlile a non-executive director. Mr Carlile was, until his recent retirement, deputy chairman and managing director of Babcock International. He is presently deputy chairman of Burnett and Hallamshire Holdings.

Changes bave also been made to the directorate of certain subsidiary companies at French Kier Property Investments. Mr P. M. Hulmes has been appointed a director. French Kier Homes has made Mr A. M. Gammage, Mr D. M. Holland, Mr P. M. Hulmes and Mr J. R. F. Raw directors. Mr Hulmes has also been eppointed managing director. Mr P. Bayes bas retired from the board but remains a director of French Kier Property Investments.

As a result of these appointments, the following changes have been made. Mr Hulmes has resigned as a director of Robert Marriott Group. At Robert Marriott Limited, Mr Hulmes has resigned as a director and managing director. Mr G. A. Norman bas been appointed managing director.

Mr K. R. Leyland has retired as a director of French Kier Construction and certain of its subsidiary companies. Mr Raw has resigned as a director in order to concentrate on his major responsibility as a director of French Kier Holdings to investigate and develop new areas of business for the gronp. Mr R. J. C. Turner has been appointed e director to succeed Mr Raw as financial director. Mr J. Nousher, Mr T. Patterson and Mr M. P. W. Searth have been appointed regional directors. Mr R. Scull, a director, has become responsible for London area contracting. At French Kier Developments, Mr P. W. Bennett and Mr E. Airey have been appointed directors.

The RETAIL CONSORTIUM bas appointed Mr Tom McNally as director-general of the consortium and director of the British Retailers Association (BRA). He succeeds Mr G. MacWilliam Kain.

★

Mr Paul Gaynham has joined WEATHERITE, Halesowen, to head as operations director a new sales office to be set up in Riyadh, Saudi Arabia. He was contracts manager with Semcon.

★

Mr A. J. R. Parker has been appointed managing director of both PATERSON PRODUCTS and COURTENAY PHOTONICS.

★

CRYSTALATE HOLDINGS has appointed Mr A. J. Trotter as managing director of Welwyn Electronics, Bedlington, with responsibility for all Crystalate divisions in Northumberland. He was managing director of Welwyn Resistors.

★

Mr Robert Linden bas become BRISTOL & WEST BUILDING SOCIETY'S general manager. Formerly deputy general manager, he succeeds Mr Harry Chadwick who has retired. Before his appointment as deputy general manager earlier this year Mr Linden was the society's chief Scottish executive.

★

Mr Robert Millar has joined H J HEINZ CO. as financial controller. Ha was previously director of finance and administration with the International Playtex (UK) group of companies (Playtex and Max Factor).

★

Mr M. J. Wendt, assistant treasurer, has been appointed grouo treasurer of WILLIS FABER.

★

ANSAFONE bas appointed Mr Tony McDonald director of market and product strategy.

★

Mr Anthony H. Hall has been appointed chief executive officer of NEUROSCIENCE. He was at Baird & Tatlock (London) as managing director.

★

Mr S. C. Whitbread, chairman of Whitbread & Company, has been appointed a non-executive director of BODDINGTONS' BREWERIES. He succeeds Mr C. H. Tidbury.

★

Mr J. Michael Brown has been appointed a director of CANNY BOWEN AND ASSOCIATES.

★

Following the annual meeting of the Scottish unit of THE STOCK EXCHANGE Mr William B. Carmichael was elected chairman, and Mr Colin M. Brown, deputy chairman. Mr Carmichael, senior partner of Aitken Campbell and Co., stockjobbers, Glasgow, is the first ex-jobber ever to be elected to the post. Mr Brown is a partner of Campbell Neill and Co., stockbrokers, Glasgow.

Reuters chairman

Sir Denis Hamilton, chairman of REUTERS HOLDINGS, is retiring on July 1 and will be replaced by Sir Christopher Hogg, chairman of Courtaulds. The Reuters chairmanship is a part-time non-executive post. Sir Christopher has been elected by the board for a two-year term. Sir Christopher has been a director for the past year and will continue to devote the bulk of his time to Courtaulds.

★

Mr B. C. D. Wood has been appointed managing director of CELAB-EXEM, with responsibility for both the power supplies and lighting divisions.

★

Mr Paul Burgess and Mr R. F. P. Wright have become members of the Stock Exchange, associated with ALBERT E. SHARP & CO., stockbrokers.

★

Mr David Sempers, chairman and managing director of Abbey Glen Group, has been appointed chairman of the ASSOCIATED LAUNDRIES SUPPLIES CO.

★

Mr P. J. N. Elsworth has been appointed managing director of FORSHAWS BURTONWOOD BREWERY. Mr Elsworth was appointed company secretary in 1978 and appointed to the board in 1983.

★

At ABARTHORPE OILFIELD SERVICES Mr A. B. (Sandy) Thomson becomes director and general manager; Mr J. S. (John) Lonsdale is made sales director; and Mr R. G. (Rob) Goodall has been appointed commercial director. Arbarthorpe is wholly-owned by Taddale Investments.

★

Mr Jonathan Crowe has been appointed managing director of DATE PALM DEVELOPMENTS, a joint venture company formed two years ago by Twyford Plant Laboratories and Landell Mills Associetes to develop a worldwide market for the sala of tissue cultured date palm trees. Mr Crowe retains the position of business development manager at Twyford Plant Laboratories.

★

Mr Michael Robinson of POUNDSTRETCHER has been promoted to the newly-created post of marketing director. He was appointed marketing manager in December 1983, joining from Jetsave where be had been marketing manager for five years.

★

Mr R. C. (Dick) Vale has been appointed divisional director of PHILIPS MAJOR APPLIANCES. Prior to his UK appointment, Mr Vale beld the position of vice-president and general manager in Philips Canada responsible for commercial and service activities for all consumer and professional divisions in the central Canadian region.

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Ford to reduce development jobs in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD OF EUROPE has told its 5,000 research and development (R&D) staff in Britain and West Germany that one quarter of their jobs will have to go by 1990.

The group has made clear that it is the price to be paid if Ford is to keep up its present pace of product development in Europe and to maintain two major development centres there – at Dunton in Essex, where about 2,500 are employed, and at Merkenich on the outskirts of Cologne, which employs 2,000.

Other product development staff are based at the two proving grounds: Boreham, near Chelmsford in the UK and Lommel in Belgium.

Ford suggests that the time allowed for the reduction will enable it to achieve the reduction in the workforce by natural wastage and there should be no need for forced redundancies.

The employees were informed about the group's intentions after a surge of rumours that the Merkenich facility was to be closed and R&D concentrated at Dunton.

Ford has given a warning thet it must be able to match the lowest costs of other sources of engineering in order to keep the two centres operating.

Apart from the 25 per cent reduction in the number of both hourly-paid and salaried employees in the product development area, Ford is insisting on more flexible working arrangements between the UK and West German facilities so that they can be kept working at full capacity.

Ford said it intended to "maintain the product cycle as before" – which in the case of cars means that a major change would be made to each model range after five years.

Rationalisation of the product development operations are in line with Ford's declared intention of getting more efficient use of its design, engineering and other resources around the world – including those of its 25 per cent owned associate Mazda in Japan.

Mr Bob Lutz, who returned last summer to be chairman of Ford of Europe after a sharp drop in profit – which continued in 1984 – explained recently: "There is absolutely nothing indecent about Ford of Europe designing a transmission for North America, or North America designing an engine for Ford of Europe. And that type of thing is happening."

Ford has not made its intentions crystal clear but in future it is likely that North American Ford will be responsible for the company's development of big cars for sale worldwide, while either Europe or Japan will take the lead for small cars.

Kenneth Gooding finds promising omens for BL's return to the U.S. market

Austin Rover prepares to spoon the honey

TREVOR TAYLOR, the irrepressibly cheerful director of sales and marketing for Austin Rover, explains why tha BL subsidiary's return to the U.S. car market is such an important part of its overall strategy.

Austin Rover sells most of the 400,000 cars a year it produces in the highly-competitive UK market or on the Continent where profits are equally difficult to earn. In contrast, the U.S. market is a honeypot.

"We have to sell more cars overseas. And we have to sell more profitably overseas," says Mr Taylor. "If the value of the dollar does not weaken substantially, we heve e marvellous profit opportunity. Our entry to the U.S. market will be costly. But the payback will be very good".

A new company, Austin Rover Cars of North America (Arcna) has been set up and will occupy a head office in Miami, Florida; employ first-rate and expensive people; have two distribution centres at ports of entry (still to be decided) a parts warehouse and, eventually, a west coast office in California.

Mr Taylor says this is all worth having even though Austin Rover initially looks for modest annual sales of 20,000 cars a year in the U.S.

The state-owned company, which recently reported an operating loss of £26m for 1984 against a £3m profit the previous year, did not have the financial resources to go it alone in the U.S. Neither did it have the management resources because it is concentrating oo recapturing lost ground in continental Europe.

So it decided on a partnership in the U.S. Arcna is 51 per cent owned by Mr Norman Braman, a Miami-based businessman who since 1972 has built up a car dealership group which last year sold 15,542 cars worth nearly $500m.

Austin Rover selected Mr Braman from several other potential partners "because he is an entrepreneur who knows all about car retailing, has a clear idea of what he believes he can achieve – and we believe he can do what he says he will do," says Mr Taylor.

Mr Braman is chairman of Arcna. President (chief executive) is Mr Ray Ketchledge, 42, who brings with him more than 20 years' experience with Volkswagen's U.S. subsidiary and expertise in car wholesaling and distribution.

His first task will be to recruit about 100 dealers in time for the first cars to go on sale early in 1987.

Since 1980 BL has been represented in the U.S. only by the Jaguar luxury cars. In that year the MG factory at Abingdon in Berkshire was shut down for good; there was no room for a low-volume sports car in BL's car model renewal programme.

At the peak, in 1977, BL sold 35,000 MGs and 29,200 Triumph sports cars in the U.S. through about 500 dealers. (Jaguar sales, hit by oil supply crisis, fell from 7,400 to 4,400 that year).

But BL had little success with its main-stream models when it attempted to sell them to U.S. customers. The quality and reliability problems endemic in the UK car assembly business in the early 1970s and the persistent failure of the company to meet model introduction dates – the U.S. market used to prefer "new" versions of every model to appear in the autumn of every year – contributed to this phenomenon.

BL's business in the U.S. was nearly killed off by the increasingly stringent safety and emission-control regulations. Only the high-priced Jaguars were able to cope with the expense and Sir Michael Edwardes, then chairman of BL, claimed his company was losing $900 on every MG car sold in the U.S. at the end of the 1970s.

When Jaguar was sold back to the private sector last year all the North American dealers and the former BL operations – including the headquarters at Leonia, New Jersey – went with it. So Austin Rover must start again from scratch.

Arcna's first "convention" for potential dealers in Chicago next month will be given a thorough run-down on the model with which the UK company will return to the U.S.: the so-called Project XX, jointly developed by Austin Rover and Honda of Japan.

The cost of design and development of XX, which will replace the big Rover saloons in Austin Rover's range, was well over £100m.

Honda will make its own XX models in Japan and also some Austin Rover versions for sale in the Far East and Australia. Austin Rover will produce its own types at Cowley, near Oxford, as well as Honda versions for sale in EEC countries.

The Honda and Austin Rover cars will share engines, transmissions, suspension, steering and braking systems and some structural panels but the companies insist that the models will be very different in appearance and specification.

Is Austin Rover being over-optimistic? It is looking for initial sales of 20,000 cars a year rising quickly to 40,000. Market forecasts suggest thet the omens are very good. Independent – but interested – onlooker, Mr John Grettenberger, the General Motor's vice president who is general manager of the Cadillac car division, predicts that luxury car sales in the U.S. will grow by nearly one third from the 1982 level to 1.9m by 1990.

He points to this evidence. Between 1982 and 1990 the number of households in the U.S. will grow from 85m to 99m or by 15 per cent. But the number of households with an income of $50,000 a year at 1982 prices – those with the purchasing power to buy luxury cars – will jump by 79 per cent, from 7.7m to 14m.

Not only will the U.S. have more affluent households, it will have more well-to-do youthful households as well. The $50,000-plus households will increasingly be made up of individuals in the 35-44 year old age group – the group which Austin Rover hopes to attract with the XX.

These facts have not escaped other car producers. Mr Grettenberger has been given the job of reviving somewhat sluggish Cadillac sales and in 1987 will add to the range a two-seater designed and produced in collaboration with the Italian stylist Pininfarina.

That will be an "ultra-luxury" car with a price to match, as will be Chrysler's model to be made with the help of another Italian company, Maserati. Ford is joining in with European imports and has set up a separate dealer network to handle the Merkur models built in West Germany and heavily based on the Sierra and new Granada. Some Ford executives believe the company can sell 100,000 a year of these European imports.

Then Austin Rover will meet head-on competition from the Honda version of XX. Honda has set up a second dealer network, using the Acura name to distance the XX from the rather cheap and cheerful image Japanese cars have in the U.S. Honda, too, hopes to sell 20,000 cars a year.

Austin Rover still has one highly-important decision to make about its re-entry to the U.S. What should it name XX when it goes on sale?

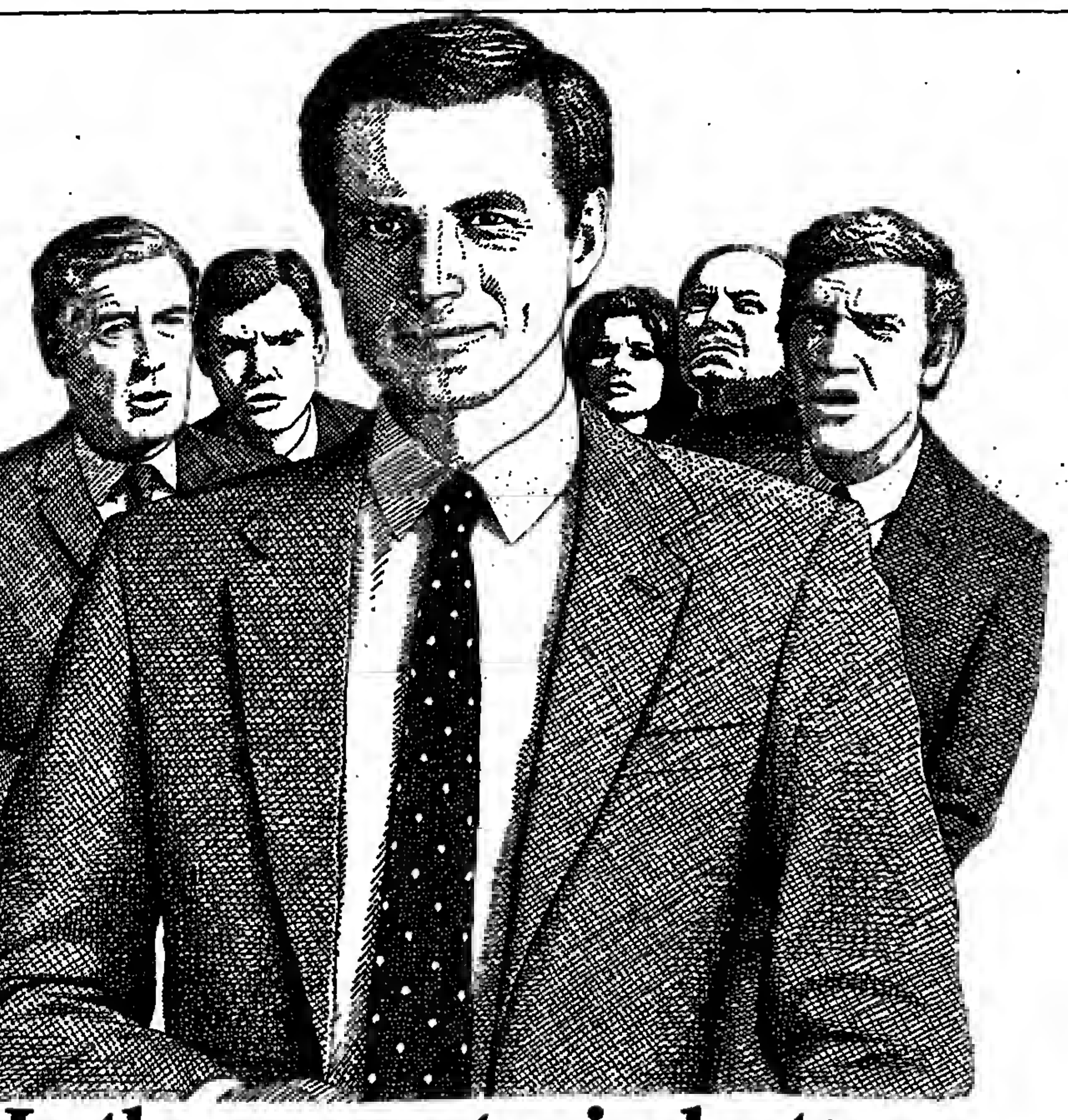
The one name which still means something and has a positive image in the U.S. is MG. Arcna is about to start the market research to see if that is the right marque for a luxury, imported car or whether another name should be used for the XX.

Vauxhall stoppage, Page 13

EUROPEAN CAR SALES IN U.S.

Company	Country of origin	1984	1985
Alfa Romeo	Italy	3,702	3,002
Audi	W. Germany	71,237	47,937
BMW	W. Germany	70,887	59,242
Fiat	Italy	316	5,184
Jaguar	UK	18,044	15,815
Lancia	Italy	21	637
Maserati	Italy	2,023	0
Mercedes	W. Germany	79,222	73,692
Peugeot	France	20,007	15,241
Porsche	W. Germany	20,024	21,331
Renault	France	12,243	33,229
Rolls-Royce	UK	1,063	1,048
Saab	Sweden	33,631	26,323
Volkswagen	W. Germany	103,479	77,009
Volvo	Sweden	99,541	85,557
Total	–	535,470	476,045

Source: Automotive News



Estimate of first Surrey oilfield upgraded to over 10m barrels

BY DOMINIC LAWSON

THE FIRST oil discovery in Surrey, south England, is many times larger than originally realised. The Palmer's Wood oilfield, near the village of Godstone, is now thought to be similar in size to the Humbly Grove field in Hampshire, the UK's second largest onshore oilfield. The biggest is in Dorset.

After the initial discovery of the Palmer's Wood field in 1983 – 200 metres from the M25 motorway – by the U.S. oil company Conoco, it had been felt that the field would prove to contain about 2m recoverable barrels of oil. But during six months of production testing, the partners in the field have been surprised to find that there has been no drop in oil pressure or the rate of production.

The partners now believe that the find should contain at least 10m recoverable barrels of oil. An untested eastward extension of the structure goes under the village of Oxted and, if this is found to be oilbearing, then it is believed that the field might contain about 20m recoverable barrels of oil, worth over $500m at current spot market oil prices.

The partners have been searching for a suitable site to drill further exploration wells, but have yet to come up with a choice they are confident will not cause strong local opposition.

The same consortium, which consists of Conoco and the UK companies Tricentrol and Charterhouse, has already met fierce local opposition to its plans to explore for gas in Surrey.

The consortium is planning to submit a development plan for the Palmer's Wood field to the Government next year and begin production from existing well-sites as soon as approval is granted.

This year is likely to see an aggressive UK onshore exploration programme by the international oil industry. That is partly because companies want more data before the opening of bids in the first onshore licensing round.

Mutual to relaunch business

By Lisa Wood

MUTUAL of Omaha, one of the world's largest insurance companies, is to relaunch its private medical insurance business in the UK.

Mr Derry Andrews, the recently appointed managing director of Mutual of Omaha International, the UK subsidiary of the Mutual of Omaha Insurance Co. said: "We ultimately aim to be number one in the British private health insurance business."

The British private health insurance business, estimated to be worth around £470m, is currently dominated by British United Provident Association (Bupa), with around 70 per cent of the market and Private Patients Plan (PPP) with around 22 per cent.

Mutual of Omaha, a commercial insurer, has been represented in the British private health insurance market for some time but its presence is negligible. It has also been involved in the personal accident, travel and property insurance market.

No details are being given as to the planning investment in the new venture, which, Mr Andrews claims, will be considerably different from those operated by Bupa.

"The major insurers have steered clear of areas such as co-insurance with their clients," said Mr Andrews. "We will aim to take a more flexible approach to private medical insurance which we hope will be attractive to companies trying to mitigate costs of private health insurance schemes."

Fast rise in tourism to Britain predicted

BY ARTHUR SANDLES

LONDON'S supply of hotel rooms may become under even greater pressure if a report warning of a huge increase in tourism over the next few years proves to be accurate.

The publication of the latest Mintel report, suggesting that the UK will be receiving 13m tourists a year by the end of the decade (it was just over 9m last year), comes only a few days after the British Tourist Authority (BTA) was predicting 25m by the end of the century. The BTA projection included business and other visitors.

American Express added its voice yesterday to those of foreign tour companies and travel agencies, which say they are already having problems in finding rooms. "1985 will be the year that the 'no vacancy' sign goes up over the UK," said American Express. "Advance bookings for our package holidays to the UK from the U.S. are up by 38 per cent over the record levels of 1984."

In recent months there have been several announcements of new hotel projects throughout provincial Britain. In London, however, planning restrictions and building costs have hampered a further expansion in the number of hotel beds. Concern has also been expressed over whether the London area has enough airport capacity to handle more visitors.

The latest Mintel report suggests that by 1990 foreign visitors could be spending over £3.5bn (at 1984 prices) on their trips to the UK, a rise of 40 per cent in real terms. As far as the number of U.S. visitors is concerned, there might be variations as currency exchange rates fluctuate.

London will take the brunt of this growth, Mintel suggests. "As one of the world's great cities, London takes very nearly 60 per cent of all expenditure by overseas visitors, with about half the visitors to London making their first trip to this country."

Mintel comments: "We see this as a major challenge to the tourist industry, which needs to strengthen the pulling power of the rest of the country in order to coax the first-time visitors to London to return and explore other parts of the country, as well as seeing London for a brief second look."

The report predicts the next big tourist boosts for the UK will be the Queen's golden jubilee celebrations in 2003, or the coronation of the Prince of Wales.

Various hotel chains in London have denied that London is, or will be, completely full this year, but have confirmed that group bookings from tour companies are virtually unacceptable now.

Another Mintel report discusses the UK package tour industry. It comments on the consolidation of sales into the hands of six big companies and on the lack of early bookings this year. This lack, says Mintel, "will inevitably lead to the collapse of some tour operators."

Mintel Publications, 7 Arundel Street, London WC2R 3DR. Reports on Tourism (£875). Available in three separate volumes (£425, £395 and £350).

Minet syndicate offered no help on £60m losses

BY JOHN MOORE, CITY CORRESPONDENT

NO FINANCIAL assistance will be offered by Lloyd's of London to help a group of insurance underwriting members to meet £60m of losses, Mr Peter Miller, Lloyd's chairman, said yesterday.

Mr Miller made Lloyd's policy clear yesterday in the wake of surprise losses of £60m that have fallen on underwriting members whose affairs are managed by Minet Holdings, the insurance broking group.

Mr Miller, himself one of 1,525 underwriting members grouped into insurance syndicates under the management of Minet, said that it must be remembered "that underwriting members at Lloyd's underwrite with unlimited liability and are responsible for all their underwriting liabilities."

Lloyd's itself, he said, cannot offer financial assistance and the central fund, designed to protect the interests of Lloyd's policyholders, "is not available to mitigate any hardship suffered by names (tha underwriting members) in meeting their obligations."

Mr Miller said that Lloyd's was responsible for ensuring that there were assets available to meet the claims of policyholders. "The security underlying Lloyd's policies is of paramount importance."

Members of the Minet underwriting syndicates, managed by the group's Richard Beckett company, are to be allowed an extension on the usual deadline for showing that they have enough money to meet their insurance liabilities. The date has been extended from May 31 to July 31.

"I regret that it is not possible to consider an extension of the solvency test requirement beyond July 31," said Mr Miller. "Lloyd's itself has a statutory obligation to file a return of its global solvency to various regulatory authorities around the world annually."

Mr Miller argued that "it would be desirable in these circumstances if the Inland Revenue could be prevailed upon to grant – immediately – full loss relief in respect of the ascertained amount of loss incurred by names." Losses at Lloyd's are an allowable item for tax declarations.

Vauxhall faces escalation of strike

By Brian Groom

VAUXHALL MOTORS, the General Motors UK subsidiary, faces a twin threat of disruption at its Luton Bedfordshire, plant, on top of the dispute that has halted production and caused more than 2,000 lay-offs at its Ellesmere Port factory on Merseyside.

Three hundred Luton electricians will be balloted on whether to support their 160 colleagues at Ellesmere Port who have been on official strike since last Wednesday in a demarcation dispute over the manning of robotic equipment.

Meanwhile, 7,000 members of the dominant engineering and transport unions at Luton will hold a mass meeting tomorrow on a separate issue – the company's refusal to pay employees who were laid off for two nights and one day in an earlier dispute over a nightshift worker who was dismissed and later reinstated.

Shop stewards have not so far decided on a recommendation.

There is no sign of an early end to the Ellesmere Port strike, which is causing the loss of £2m worth of Vauxhall. Astra cars and Bedford Astra vans a day at showroom prices. The lay-offs were announced on Tuesday night.

Ford suffers legal setback over personal car imports to Britain

BY A.H. HERMANN, LEGAL CORRESPONDENT

FORD has lost another round in its fight to prevent its right-hand-drive cars being sold on the European Continent – where the prices are often cheaper than in the UK – to personal or unofficial "parallel" importers to Britain.

An appeal by the company against an EEC Commission ruling that it should either continue to supply right-hand-drive vehicles to such importers, or forgo some benefits conferred by selective distribution agreements, should be dismissed, the European Court's Advocate-General said yesterday.

The Advocate-General, Sir Gordon Slynn, concludad that the Commission was right in saying that by effectively restricting parallel imports, Ford was preventing an improved distribution that was of benefit to consumers. The European Court is expected to accept his recommendation.

Although a setback for Ford, which in May 1982 ordered its Continental dealers to stop supplying cars to UK residents at prices up to 30 per cent less than those in Britain, the court actioo has been partially overtaken by events.

Under a Commission directive announced last December, and which becomes effective next month, the Commission is allowing manufacturers to differentiate prices within individual EEC markets by up to 18 per cent before taxes for restricted periods, without risking action under Treaty of Rome rules requiriog the free movemeot of goods.

At the time Ford ordered its dealers to stop supplies, the Commission had been considering the company's application for a selective distribution agreement. Among the benefits conferred by such an agreement, which exempts the manufacturer from some of the Treaty of Rome restrictions, are limitation of numbers of dealers, defining of dealer territories, the limitation of competition between dealers and their freedom to pass on cars to unofficial retailers.

The Commission reacted by issuing a preliminary decision which amounted to an order to Ford to continue supplying the right-hand-drive vehicles.

The European Court annulled the initial decision on appeal and declared that the Commission had no powar to make such an order.

Ford's present appeal is against a final decision by the Commission refusing approval of a selective distribution agreement on the grounds that, with right-hand-drive vehicles no longer being supplied, the distribution agreement no longer benefits consumers.

State pension plan likely to be phased out gradually

BY PETER RIDDELL, POLITICAL EDITOR

THE STATE earnings-related pension scheme (Serps) is likely to be phased out over a period of years to ease the immediate impact upon employers and the Treasury.

Cabinet agreement appears to be near on the future of the scheme after intensive discussions over the last few days involving, among others, Mrs Margaret Thatcher, the Prime Minister, Mr Norman Fowler, the Social Services Secretary, and Mr Nigel Lawson, the Chancellor of the Exchequer. That is ahead of a discussion by the full Cabinet this morning.

The likely proposal on Serps will apparently differ in a number of ways from that put forward over two months ago by Mr Fowler. In particular, ministers are concerned about the impact of a sudden change upon the labour costs of employers and upon public-sector borrowing as a result of increased tax relief on private-sector schemes.

Consequently, Serps is likely to be wound down gradually. Ministers are also keen to answer Opposition charges that the 11m people in the scheme will suffer. They will emphasise that existing payments into the scheme will be fully honoured.

A key question is whether the proposed level of contributions will be sufficient to finance benefits on the scale of the current Serps, or will only be equal to the lower level of supplementary benefit payments.

The Treasury is believed to favour the latter to limit costs, leaving the onus for any improvement upon private-sector pension arrangements worked out by individual employees.

It is expected that the Serps section of the forthcoming Green Paper (consultative document) on the social security reviews will be somewhat "greener" than other parts, where the Government has already reached much firmer decisions. Ministers want to leave open the scope for future consultation on the balance between compulsory private pension contributions and any voluntary element.

The hope in Whitehall last night was that the Cabinet would complete discussions this morning in time for tha Green Paper to be published either about the end of this month or in aarly June. However, officials were not ruling out a third meeting next week to complete decisions.

The Cabinet had a lengthy discussion last Thursday on the broad shape of the social security review.

Builders plan country town projects

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

A CONSORTIUM made up of 10 of Britain's biggest house builders yesterday named a site on the fringes of London for the first of a series of "new country towns."

Their planning application for a development to house 14,000 people at Thurrock, in south east Essex, is in the heart of the metropolitan green belt in which there are strict building cootrols designed to protect countryside from urban sprawl.

The consortium said it planned to submit two further applications within a year for similar developments in the south east of England.

It expects the applications to raise much controversy.

A public inquiry into the Thurrock plan will be beld at the end of this year followed by a decision from the Environment Department on whether or not it should go ahead.

Lloyd's underwriter 'accepted Pissarro painting and shares'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN IMPRESSIONIST painting worth $90,000 and Swiss bank shares valued at $750,000 were given to Mr Ian Posgate by Mr Kenneth Grob, chairman of the Alexander Howden Group (AHG), a Lloyd's appeal tribunal was told yesterday.

Mr Posgate: appealing against expulsion move

Mr Posgate, reputed to be the most dynamic underwriter in the history of the Lloyd's insurance market, claims that the painting, by Pissarro, and the 10 per cent shareholding in Banque du Rhône et de la Tamise were for services he had rendered.

Lloyd's alleges that he accepted them knowing that they were intended to influence him to place reinsurance through AHG in the future.

Mr Posgate is appealing against the decision of a Lloyd's disciplinary committee to recommend his expulsion from the market for life. It is the first appeal from Lloyd's disciplinary proceedings, held in private, to be conducted in public – at Mr Posgate's request.

The committee acquitted him of serious charges of being a party to plundering, siphoning off funds and shuffling figures of AHG for the personal benefit of himself and others.

The appeal, at the National Liberal Club in London, is being heard by Lord Wilberforce, a former law lord.

Mr Peter Scott, QC, for Lloyd's said yesterday – the second day of the appeal hearing – that, as underwriter to the Howden syndicates, Mr Posgate had a discretion as to where he would place business on behalf of his "names" – the members of the syndicates for whom he acted.

Mr Scott said that in September 1981, Mr Posgate had left a handwritten note on Mr Grob's desk after placing a very large amount of business through a Howden underwriting company. The business had led to brokerage of some £450,000, which would swell the profits of AHG.

Lloyd's contention was that the purpose of the note had been to demand from Mr Grob "recompense" for the benefit Mr Posgate had brought AHG by the use of the money of his "names."

That note, said Mr Scott, was of great significance in relation to the disciplinary committee's finding that Mr Posgate had accepted favours from Mr Grob, which, as Mr Posgate had known, had been intended to influence his underwriting judgment.

Mr Posgate, he said, had been well aware of the conflicts of interest that could arise wben both brokers and underwriters had an interest in a particular transaction. But, when he was underwriter to Howden syndicates and a director of a Howden underwriting company, he had accepted a directorship with AHG, a company that included both underwriting and broking arms.

Mr Scott said that Mr Posgate had fully realised the risk of an underwriter being pressured into doing business for the benefit of particular brokers.

There were references in the evidence to Mr Grob trying to "bully" Mr Posgate and to demands by Mr Grob which Mr Posgate had described as attempts to bribe him.

Mr Scott said that Mr Posgate's value to AHG had not been as an AHG director; it had been his ability as an underwriter and the extent to which he could dispose of money and place business by his operations at Lloyd's.

That had been the context in which the disciplinary committee had considered Mr Grob's and Mr Posgate's motives, which had led to the latter acquiring, at no expense to himself, the Banque du Rhône shareholding and a valuabla work of art, Mr Scott said.

Mr Robert Alexander, QC, for Mr Posgate, said that, even if Lord Wilberforce were to uphold the disciplinary committee's findings, it could, perhaps, fairly be said that Mr Posgate had not been the prime mover.

"It might be fair to say that this would not bave occurred but for the fact that he was under tha wing of Mr Grob in a group dominated by Mr Grob," he said.

The hearing continues today.

More marine business from China expected

BY OUR CITY CORRESPONDENT

A BIG INCREASE in the flow of marine insurance business to the Lloyd's insurance community might result from a recent visit to China by a delegation led by Mr Peter Miller, Lloyd's chairman.

Mr Miller said yesterday that "vital discussions" had taken place between Lloyd's and the People's Insurance Company of China on the differing treatment of war risk insurance. The result, he said was that "proposals will be put to underwriters, which, if acceptable, could result in a considerable potential increase in the flow of marine business to the London market."

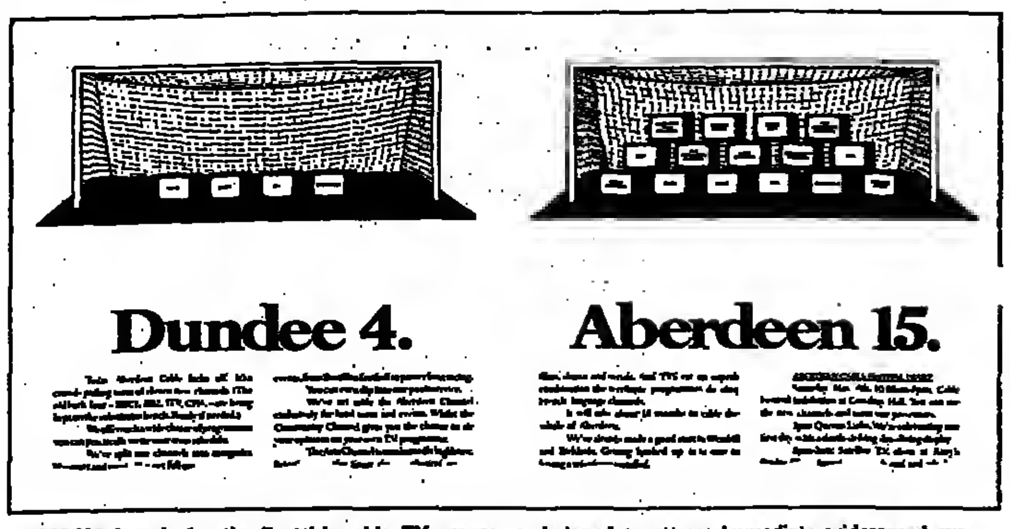
People's Insurance is responsible for all insurance and reinsurance transactions undertaken in China and on behalf of Chinese clients operating internationally. Total worldwide reinsurance business emanating from China is estimated at between $100m and $125m. Lloyd's has been engaged in a vigorous drive to secure more of the reinsurance business flowing from China.

Mr Miller said that China, in 15 years' time, might well rank among the top six countries in terms of the amount of premium income produced for Lloyd's.

People's Insurance employs about 30,000 people and has plans to increase that number significantly by 1990. The company's revenue is expected to increase to more than $2.5bn by the end of this decade, compared with more than $800m of business written in 1982.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



A £200,000 launch for the Scottish cable TV company, designed to attract immediate widespread awareness among its potential audience, included series of ads devised by Ogilvy and Mather

Aberdeen Cable gets all hyped up

BY RAYMOND SNODDY

ABERDEEN CABLE was launched last week with enough ballyboo to do credit to the world premiere of a new film or the national launch of a consumer product.

Ogilvy & Mather was called in for the advertising campaign and Paragon Communications to organise exhibitions and events. It all added up to a £200,000 launch for a cable company with £3m equity finance and a franchise limited at tha moment to 97,000 bomes.

Together they put together what wag in effect the launch of new multi-channel cable in Britain. It is the first completely new franchise to get under way since the Government chose 11 pilot franchises in 1983.

Miles Young, the Ogilvy & Mather account director, commented: "We are here to demonstrate to the world at large that there is faith in cable on the part of the UK's third largest advertising agency and secondly to ensure that what is in effect a test market in this country gets the best possible start."

The Aberdeen launch included double page spreads in tha Aberdeen Press and Journal, a sophisticated computer-controlled audio visual display and exhibition on cable, thousands of ballons and badges, a champagne reception at the Aberdeen Art Gallery, an American football match, a disco and for good measure a sky diving exhibition staged by Sky, the cable television general entertainment channel.

For Patrick Scott, chief executive of Aberdeen Cable, it was all an expression of his belief that cable television is a consumer product and a rather intangible one at that which will not sell itself but depends heavily on skilful marketing.

All eyes will now be on Aberdeen to see if it can provide early evidence for the sort of consumer demand that might make City financiers less sceptical about the new industry.

The aim of the launch was to make everyone in Aberdeen aware of what cable television can offer even if it will be the end of next year before it can be made availabla to all in the franchise area.

"If nobody knows you're there it makes it a hell of a lot harder to sell," says Scott.

Whatever else happens Scott has made sure that a lot more people have now heard of cable in Aberdeen. More than 7,000 members of the public visited the three-day exhibition.

"We were stunned by the response. We would have been bappy with 1,000 a day and there is always the cold sweat fear that no-one will come at all," says Scott.

Visitors saw demonstrations of tha main new channels Aberdeen bas to offer: Premiere, the film channel, Screen Sport, Music Box tha pop and rock channel, the Children's Channel, The Arts Channel, TV5 the French language channel, and Sky.

Aberdeen began selling its 15-channel service—which incindes the four broadcast channels—to the public on April 30 and in tha first four days signed up 74 subscribers out of the 120 homes contacted.

By this Tuesday the number of subscribers had risen to 90 and by today it bas almost certainly passed the 100 mark.

If Aberdeen were able to continue signing up six out of every 10 families contacted, it would have a major commercial success on its hands.

"The spotlight is on us and I am wary about reading too much significance into the first week's figures but it's a phenomenal start," Scott believes. He could survive on a 20 per cent penetration rate but believes 25-35 per cent ought to be possible.

The launch will be followed up by an intensive selling campaign by a full-time sales team which makes up almost half of Aberdeen's 51 staff. Every area to be cabled will be visited by a specially converted bus with monitors showing recordings of the audio visual display and highlights of all the channels available.

Patrick Scott: "If nobody knows you're there, it makes it a hell of a lot harder to sell"

But if the spotlight will be very much on Aberdeen's record in signing up subscribers its markating strategy will also be closely watched.

Much of it goes against conventional wisdom in the emerging industry. Every house in the franchise has been sent a brochure on Aberdeen Cable even though only 2,000 homes are passed by cabla so far.

Scott, who has worked on new projects for Cunard, the shipping company, and bas been an oil industry consultant before being excited by the prospect of cable, bas placed great emphasis on the need to inform people of what cable can offer.

That need became even more apparent from O & M research carried out in January which showed that most people didn't know how cable worked or thought it was simply a matter of underground wiring which would merely carry repeats of television programmes.

But the research also identified that people were prepared to pay for more choice on their television screens when they became aware of what was available. They were particularly interested in a local news channel.

The research findings led to the creation of a station logo which emphasised local sense of identity—a schematic representation of the song, the Northern Lights of Aberdeen, a copy line which says—"Aberdeen Cable—Choice Television" and an early commitment to live local news and magazina programmes featuring well-known local presenters.

The first live local news programme went out on Monday from tha Aberdeen Cable studio in the converted former headquarters of Marathon Oil in the city.

More controversial than the splashing out on the launch has been Scott's decision to put all 15 channels into one bundle at a single price of £16.95.

In part the decision was taken because Aberdeen is leasing its cable network from British Telecom and has to pay BT nearly £6 a month for every subscriber connected. There is therefore little incentive to sell inexpensive packages of basic services.

In contrast, Swindon Cable offers a basic package of channels for £5.95 a month with the film channel £3 extra.

Croydon Cable, which will be launched in July, is planning a much more complicated structure of programme packages. There will be five levels of service ranging from 10 channels at £5.95 a month to 23 channels for £28.95.

Apart from maximising revenue Aberdeen hopes the single package will cut selling costs and reduce disconnections by making the decision on cable an all or nothing choice. "We will either get egg on our face or it will be a huge success," remarks Scott.

First indications are that the consumer—at least in Aberdeen where the recession has largely passed by—are not horrified by a £4 a week price tag.

A taxi driver who bad received the brochure commented: "It doesn't seem too bad. It's only the price of two videos."

Aberdeen has many factors which favour cable television: high disposable income, strong local identity and an unusually high proportion of video recorders. Many in the industry believe if it cannot work there it will have a difficult time succeeding anywhere.

It is less obvious whether any success in Aberdeen could necessarily be automatically repeated elsewhere.

1984 sees ad peak

WHATEVER the current vagaries of advertising revennes—and word from all quarters is of a continuing plateau of spending—last year was a high water mark in UK ad expenditure.

Figures just out from the Advertising Association show that expenditure—which is regarded by many as an economic indicator—rose to a record level in 1984 of £4.65bn, a rise of 13 per cent on 1983. As a percentage of gross national product this represents an unprecedented 1.49 per cent, surpassing records set in the 1960s.

Marked growth was shown by display advertising in the press, nationals grew by 37.4 per cent and regionals were up by 36.7 per cent.

In the poster and transport advertising sector, which grew overall by 4.3 per cent, transport showed the main gains, rising by 11.9 per cent over 1983.

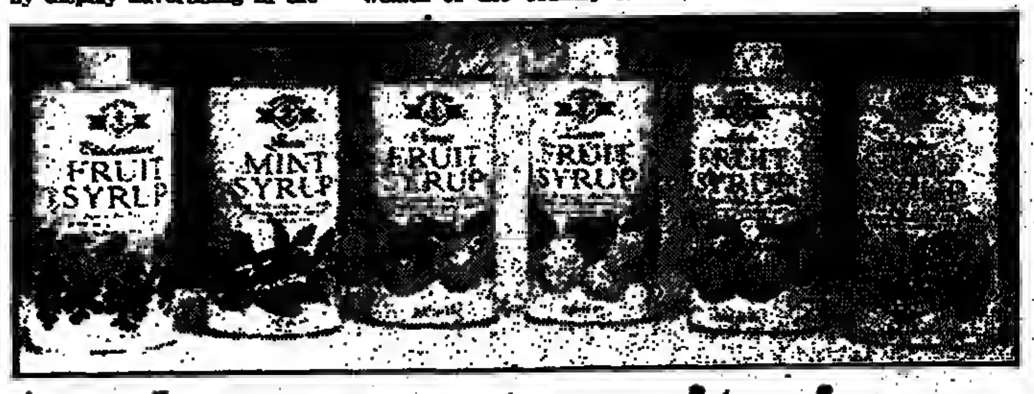
In terms of market share, television fell marginally from 31 to 30.7 per cent while press rose from 62.5 to 63.1 per cent. Radio eased from 2.3 to 2.1 per cent and poster and transport slipped from 3.8 transport slipped from 3.8 to 3.7 per cent.

Mike Waterson, the AA's director of research, puts the boom down to a number of factors. "Increased competition means increasing advertising," he says. "It is clear that the increasing wealth of the country is reflected in enlarging and expanding markets which companies are competing to service." Also, there is increasing awareness of the role of advertising, particularly among new sectors like the financial world and the newly de-regulated professions.

Further Waterson cites the explosive growth of recruitment advertising which expanded by a hefty 31 per cent of 1984.

Full details of the 1984 advertising expenditure survey will be available shortly in the 1984 Advertising Statistics Yearbook, available from NTC Publications, Symet House, 22 Reading Road, Henley-on-Thames. Price £18.

Feona McEwan



Anchor sweetens its image

CONSIDERING THE pummelling New Zealand's dairy farmers suffered at the hands of the European Community, there is a certain irony and some consolation in the way the countries which served them so ill in the past are now contributing towards their wellbeing.

Anchor Foods, which is owned by farmars through the New Zealand Dairy Board, was once known solely as a source of New Zealand butter and cheese. Now, bowever, it has forged profitable links with suppliers all over the EEC and is assiduously establishing itself as a more broadly-based food company.

Its somewhat workaday range of butter and cheese has been extended with speciality products previously little used in the UK.

In 1982, for example, it introduced cream in an aerosol can. Now it claims 90 per cent control of this sector which, in turn, accounts for about 10 per cent of the £100m-a-year cream business.

It has also launched a range of long-life cream and savoury butters originating from West Germany.

Now it is to break out of the dairy cabinet with the introduction of a range of fruit syrups made by Teisseire in France.

Fruit syrups are barely known in Britain, but are as much a national institution in France as fruit squash is in the UK. The Anchor range is being aimed initially at the drinks market although the products can also be used in sauces, sorbets and cookery.

For now, bowever, the target is the £290m-a-year market for squash and concentrates. The competitive brands studied in its market research include Quosh, Kia Ora Orange Drink, Robinson's Orange Barley Water, Diet Coca-Cola, Ribena and Rose's Lime Juice.

The company forecasts that with gains from the trade in health drinks, soda machine syrups and pure fruit juices, it can win a 2.3 per cent share of a £500m slice of the total soft drinks market.

The syrups were launched on British television this week, with Max Wall as a faintly batty butler proclaiming them "more posh than squash." The range will also be supported by Anchor's first venture into sports sponsorship.

Presumably praying for a long, hot summer, and actively pressing for the game to be broadcast on TV, Anchor has offered sponsorship for three years to the Inter-County Croquet Championships.

Keith Collins, the company's business development manager, is also negotiating for joint promotions with a bottled water company and a soda machine maker.

And the company is still looking for new products. "Tha world is our shopping basket," says Collins. "Our board accepts the development programme as an opportunity to earn profits which can be returned to the New Zealand farmer," he adds.

He does not have a free hand, however. The company is committed to sustaining what it calls the "Anchor heritage" — a notion which embodies the merits of "good food, tradition, good value and nourishment."

Christopher Parkes

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TECHNOLOGY

EDITED BY ALAN CANE

Geoffrey Charlish looks at the productivity gains of automation

Automatic factory system for extrusions

EDWARDS of Enfield, which specialises in factory systems that handle non-ferrous extrusions from the press through to dispatch bays, has applied complete automation to its latest installations for Alusuisse in St Florentin, France, Aluminiumwerke Nenzing in Austria, and Sidex in Beirut.

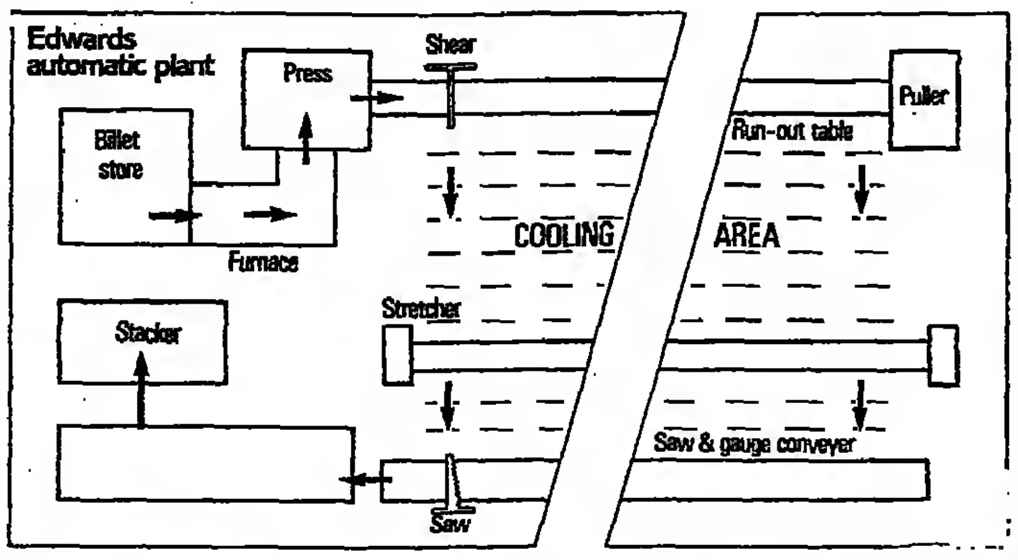
The installations, valued at well over £2m, have produced productivity increases of up to 25 per cent. Scrap levels have been reduced to about 2.5 per cent from more than 20 per cent.

Mr Sam Edwards, joint managing director of the north London company, believes there may be 1,500 non-ferrous extrusion presses in operation world-wide that could benefit in the same way — a potential market approaching £1bn.

Many are making aluminium extrusions for windows and doors, an industry which has become highly competitive and has lost market share to plastics.

Extrusions are used widely throughout industry, to make anything from heat sinks in electronics to roof members in buildings.

Mr Edwards is now vigorously attacking the U.S. industry which he says has been uncharacteristically slow. This is mainly because many of the plants are geographically isolated, conducting their business locally.



But they are beginning to take notice of automation and the Edwards team has just made its first U.S. sale to W. A. Bonnell of Newnan, Georgia. The order is worth £750,000 and Edwards hopes to land another in the southern U.S. shortly.

Edwards claims to have some 80 per cent of the world market for the first stage equipment—the puller that guides extrusions out of the press. Competitors include Elhous of Germany and Ube Press and Yaskawa Electric of Japan.

The basic problem faced by extruders is the emergence, at speeds up to 300 ft/min, of "snakes" of extruded metal, often produced by dies with up to 16 extrusion holes. These have to be straightened out and cut into lengths ordered by customers with minimum waste, at speeds that can keep up with modern extrusion units.

Tho systems use linear motor-driven "pullers" to remove hot extrusions as they leave the dies (rather like tooth paste from a tube). The extrusions are pulled out on to "run-out" tables up to 180 ft long, sheared off from the die, and moved sideways in groups over a cooling area, immediately clearing the run-out table for further press output.

Side by side, the lengths that originate from each billet of aluminium loaded into the press are moved sideways again to align with the axis of a stretching machine. There, they are gripped by wide, powerful hydraulic jaws and subjected to tensions up to 40 tonnes to produce straight, twist-free extrusions of equal length. After sawing into customer-ordered lengths, the extrusions are stacked ready for dispatch.

Conventionally, these processes have needed six or seven men to control and monitor each of the handling processes. The latest Edwards systems have reduced this to two, one monitoring the press, puller and shear, the other looking after sawing and stacking.

Control of the complete system is based on Allen Bradley programmed logic controllers (PLCs), devices which can be given instructions and will repeat them when asked to do so.

From its stored data on material grades, finished lengths per customer order, details of the dies and similar information, the computer calls up appropriate metal billets, heats them automatically and feeds them to the press. Billet lengths can be automatically adjusted to suit the order.

The shear position and required extrusion lengths are specified to the puller system so that press, puller and saw work together under computer control to give co-ordinated output on the run-out table.

From there, a transfer mechanism moves the lengths to the cooling beam where high pressure cold air jets reduce the metal temperature. To align all the ends for gripping in the stretcher, Edward's engineers designed a locator which, acting rather like a rake on a gambling table, nudges the ends into position.

The sure way of oiling the wheels of industry

THE LATEST indictment of European manufacturing techniques comes from the tribologists, the chemists and engineers who make the substances which oil the wheels of industry.

They claim that false economy in choice of lubricant is penalising European manufacturers while the Japanese and the Americans are improving their productivity through the use of high technology oils and synthetic lubricants.

They say the Europeans always opt for the cheapest cutting fluids while ignoring the fact that their new, hi-tech products—while expensive—can be more economic in the long run.

This view is more than just enlightened self-interest. Dr Ken Stout, head of production engineering at Lanchester Polytechnic and an adviser to the Science and Engineering Research Council said, "There is certainly a problem in this country. Some companies do their economics in ways which do not lead to the best possible solution.

"There is a strong case to be made for the use of high quality cutting fluids which prolong the life of the cutting tool and lead to long-term economies, especially where exotic materials are being machined. Unfortunately, many companies opt for the cheaper, short-term, solution."

But if the Japanese have the foresight to use high technology lubricants, they have yet to acquire the skill to create them, which means useful exports for companies like Rocol, a subsidiary of the UK company Morgan Crucible and a world leader in the creation of high quality lubricants.

Cutting fluids are used throughout industry where metal cuts metal. Flood-applied coolants are the most obvious, splashing and spraying around the cut surface of the workpiece under clear plastic safety covers.

The purpose is to extend the cutting tool by cooling it, and to increase the rate of removal of metal through improved lubrication.

Pure oil—or a synthetic lubricant—can be used but a mixture of oil and water is more common. Pure oil is expensive and has poorer cooling properties than a mixture of oil and water.

Mixed in a concentration of perhaps one part oil to two parts water with an emulsifier to help the mixing process, it forms a milky, opaque fluid which obscures the workpiece and the working surfaces.

It is a low performance product—not to be used, for example, while cutting super-hard alloys—and it has other disadvantages.

Cutting oil is normally collected in a sump beneath the machine tool and re-circulated. But it wears out—not so much because the oil structure is broken down by the shearing forces in cutting but by bugs.

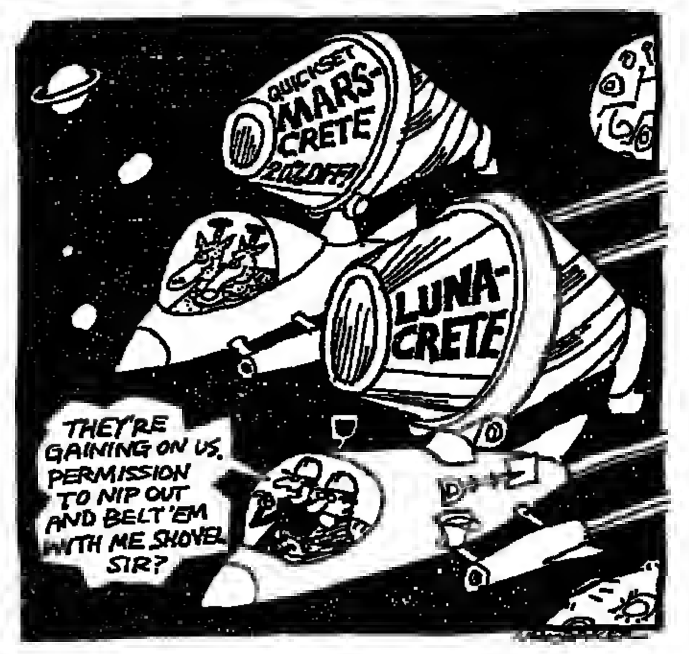
Bugs live happily on oil and water emulsion "and on the odd cheese sandwich thrown in on the night shift" and the life of a traditional cutting oil may be days rather than weeks.

The life of high technology lubricants like Rocol's Ultracut 370, however, can be measured in months.

It works well in dilutions of up to 1:90 where it forms a clear, greenish solution which allows a clear view of the work area.

And the economics? Conventional lubricants work out at about 50-75p a litre. Rocol Ultracut 370 is £2.50 a litre. So in the short term, hi-tech lubricants seem an expensive option. In the long term, however, they can reduce the overall cost of manufacturing through their own longevity coupled with reduced wear on the cutting tools and improved cutting performance.

Alan Cane



Concrete proposal for the Moon

CONCRETE plants in space could turn out materials for orbiting bases or shielding elements in military Star Wars hardware, according to Mr William Agosto, a space scientist in Houston.

Mr Agosto, president of a company called Lunar Industries, has applied to the Strategic Defence Initiative Organisation of the U.S. Department of Defense for a grant to begin design work on the extraterrestrial factories.

He says that $100,000 would cover initial design costs. Space factories of this kind could enter orbit within five to 10 years.

Ultimately, says Mr Agosto, concrete factories could use raw materials obtained from the Moon. Due to the lower gravity on the Moon's surface, the materials could be lifted into an orbit a few hundred kilometres above the earth far more easily and cheaply than if the supplies were to come from terrestrial sources.

Mr Agosto, who works at the Lunar and Planetary Institute in Houston, is studying the concrete plants in space with Dr T. D. Lin, principal research engineer at the laboratories of the Portland Cement Association in Stokie, Illinois.

A second collaborator is Dr Ahmed Gadalla, a researcher at Texas A & M University in College Station, Texas, and a former consultant on building materials to the Egyptian Government.

Mr Agosto thinks his scheme could prove attractive to the Pentagon's engineers researching into Star Wars hardware.

Such equipment, assuming it is built, could require high-strength materials, for example to shield anti-missile laser systems from any weapons that the Soviet Union may deploy.

Mr Agosto's vision also has its more peaceable aspect. Concrete structures could form part of large orbiting platforms that may eventually enter space.

The Moon is thought to contain large quantities of the main constituents of cement such as the oxides of calcium, aluminium and silicon.

Water—a vital element in cement—could present a problem as there is none thought to be on the Moon. But several methods have been proposed to produce the liquid from substances on the Moon, for instance by reduction by hydrogen of ilmenite, a mineral oxide.

In one idea, Mr Agosto has proposed using as cement aggregate some of the "space junk," material such as metal fragments from rockets, that is orbiting the Earth. The substance would be collected with a large metal net that Mr Agosto would erect high above the planet.

Peter Marsh

Flower power at Nasa

ENGINEERS at the U.S. National Aeronautics and Space Administration are examining water hyacinths as a natural mechanism to purify water. The technique could be useful in many areas of industry as well as in orbiting structures such as the manned space station under design for the 1990s.

The plant, a lovely flowering weed that grows furiously and blocks lakes and rivers, has shown promise in converting waste water to useful products such as oxygen and water suitable for drinking.

Nasa's National Space Technology Laboratories, in Bay St Louis, Missouri, recently tested the strategy in cleaning up water from the polluted Mississippi River north of New Orleans.

In the research, led by Dr Billy Wolverton and Ms Rebecca McDonald, workers have installed a series of prototype water-treatment plants in Florida, Texas and California.

The systems combine conventional filter technology with techniques to clean water by passing it through the roots of plants such as the water hyacinth.

Space buffer

A BRITISH company is working on computerised systems to cut down data loss between communications satellites and ground receiving equipment.

Cybermation, based in St Albans, England, has supplied two such sets of hardware to Comsat, a communications-satellite company in Washington DC.

Orbiting craft are subject to varying gravitational forces which cause shifts in position. As a result, data transmitted to earth undergo apparent changes in frequency.

Cybermation's buffer systems interface between terrestrial telecommunications networks and equipment in earth stations, removing timing errors and subsequent data loss.

BASE LENDING RATES

Allied Irish Bank	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
A B N Bank	12½%	Hongkong & Shanghai	12½%
Amro Bank	12½%	Johnson Matthey Bkrs.	13%
■ Henry Ansbacher	12½%	Knowsley & Co. Ltd.	13½%
Associates Cap. Corp.	13%	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	14%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
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THE ARTS

I Do Not Like Thee/Watford

Michael Coveney

I Do Not Like Thee, Doctor Fell is an early play by the Dublin playwright Bernard Farrell, one of those "truth will out" occasions among a group of disparate folk thrown together by the exigencies of two-hour formula drama on a single set. Instead of the court room or the prison cell, the waiting room or the jungle, we have a relatively contemporary compromise equivalent of all sucb *settings:* an *encounter group* therapy session.

"No phoning loved ones," chirrups the group leader of dubious American pedigree in her cerise boiler suit, "we are the whole world." And off they go, relaxing and communicating, sometimes even relating. In the blackout there's even a little unscripted touching. Here is the married couple with no children end problems all the same; the shaky old widow with an interminable tale of a dozen apostolic cats; and a corduroy-suited artist with his Oslo experience and ostentatious gentleness. They are joined by the catalyst figure, Joe Fell, a bespectacled stuttering electrician wbom even so sympathetic an actor as Mike Grady can only render as welcome as a dentist's drill on an exposed nerve.

For in spite of the odd quirky turn of pbrase and vestigial imaginative contrivance, the play is neither particularly funny nor remotely convincing. Taking the rise out of group therapy sessions, anyway, seems a redundant task, the stuff of everyday TV sitcom of the past 10 years.

The stammering Joe finds *fluency of speech.* Old Rita's marital pretentions are exposed and the young couple's marriage founders on the jealousy and recrimination that threatened it in the first place. Stuart Mungall's production fails to set up any comic rhythm and the actors fall back on tired expressive cliché and the sort of painful mugging typified in Buffy Davis's oversold and hapless cheer leader.

Sean Scanlan's crazed building contractor and Nicholas Day's selfishly tortured artist have their moments but they are few and far between. The grim unfinished meeting place is designed by Ken Harrison; even the stripey beanbag cushions are a ponderously forbidding feature.

Medea/Almeida

Martin Hoyle

The entirely admirable aim of the Studio Company from Leicester's Haymarket Theatre is to present a season of classics with a small permanent ensemble. They have opened a series of guest appearances at the Almeida in Islington with Euripides: Bucbner's *Woyzeck* and a double bill of O'Casey *(Bedtime Story)* and Ionesco *(The Bald Prima Donna)* complete the repertoire.

Nancy Meckler's taut, spare production of *Medea* takes a mere 80 minutes. A prologue that contains a précis of the action, written by Bernard Strother, one of the actors, is briskly performed with well-drilled gestures until one of the women remarks, out of style, "I think that's a terrible thing to do." The cast lapses into excited argument before taking its place, actors seated at the side of the stage when not required, and leaving it to Kate Fitzgerald's excellent nurse to launcb the story proper.

This version is the company's own, based on a translation by Rex Warner and, perhaps deliberately, has jarringly prosaic momeots. Should a barbaric sorceress, grand-daughter of the Sun God, complain of being "more clever than the average" like a school-leaver with too many CSEs for the menial jobs available?

Still, this is in keeping with the deliberate anti-heroic style for a small-scale, intimate production. Jason (Frank Baker) wears a shabby overcoat over the men's standard shirt and trousers; with bis boots be looks like a farm labourer. Both production and performance cut bim down to size;

Linda Basset, so good as the deformed girl in *Abel's Sister* at the Royal Court last year, is an intelligent Medea. Careful movements and well-judged pace give the impression of controlled power, sopbistication rather than primal emotional energy. (Creon's cowering approach behind his nervously crouching benchmen seemed a trifle defeatist.) She has the conviction to talk of ber children's lips, skin and eyes wbile embracing the loose-limbed dolls carried on and manipulated visibly without seeming artificial. Her dramatic effects are few hut well-judged, like the production's.

Piers Lane/Elizabeth Hall

David Murray

Mr Lane's piano recital on Tuesday night maintained a *promising standerd; maturity is* still some way off. The first half exposed some consistent little failings — smudgy pedal-technique, an over-dominant right hand (exactly wrong for Skryabin), a tendency to rusb fences, an erratic rhythmic pulse. On the other hand there was plenty of innocent good sense and honest intentions, confident strength, crisp fingers; and in Listz end Rakhmaninov later, a real appreciation of sonority and style.

Lane should be counselled not to begin another evening with the *offannato* Etude from Skryabin's op. 42. That was too bold: the torrent of notes was barely under control, with a hint of (non-musical) desperation. The much earlier op. 8 set, which he played complete, was better in hand and generally attractive, it never quite winsome or mysterious or pathetic or brilliant enough—the pianist is evidently not yet at home in Skryabin's peculiar expressive world.

His Mozart, the K. 333 Sonata in B-flat, veered disconcertingly between dainty and strident. Nothing interesting was disclosed in the music. The prospect of extended second-*string* Romantic pieces in the second half looked forbidding; the relief was proportionately greeter, then, wben Lane proved to have a far firmer footing in thet part of the repertoire.

In Liszt's "Vallée d'Obermann," which can be a weary trudge, be summoned up enough intensity to make strong sense of even the gloomy bombast. He took daring and effective chances with dry, clipped chording, but made the visionary ripples limpid. Only a touch more forward impulse was wanted. We got that more ofteo in *Rakhmaninov's op. 22*, the Variations on Chopin's majestic C minor prelude — the closing aections, indeed, had the purposeful spring one had missed all evening.

Sculpture/David Piper

Jagger's monumental realism

The decade efter 1918 saw the erection of many monumental sculptures in London; mostly, of course, war memorials. The year 1925 was singularly rich, with the completion at Hyde Park of the massive Royal Artillery Memorial, and its neighbour for the Machine Gun Corps. A third —not war *memorial* — was Epstein's notorious *Rima* in Kensington Gardens, which was tarred and feathered twice. Derwent Wood's personification of the spirit of the machine-gun in the *graceful role* of David bas provoked more genteel disquiet. Generally accepted as an elegant example of the renaissance tradition for sucb figures (as indeed it is), and thus suitably inspiring for pious contemplation, some find its accompanying legend—"Saul bas slain his thousands, and David his ten thousands" not agreeably Christian though undeniably Christian. David's large upraised wsord also bas puzzled, but is explained by the sculptor's first design for the figure whicb included Goliath's severed beed at the youth's feet. This you could once bave checked in the small version that was in Cheyne Walk, Chelsea, bnt that was sawn off at the ankles by vandals.

Rima was vandalised because it shocked convention and was thought "ugly;" David at Chelsea for a more material motive, the value of its bronze. The Royal Artillery Memorial has, to the best of my knowledge, not been vandalised, though it did cause controversy and has been—and stil can be—condemned by critics on aesthetic grounds.

You will find no mention of its sculptor, Charles Sargeant Jagger, in the standard art-historical summaries of British art in the first balf of this century, though you will certeinly find Epstein and quite likely e mention of Derwent Wood. There was an exhibition in London of Jagger's work in 1935, after his death, and another in Sheffield in 1940 featured his work together with that of bis family. The present one—at the Imperial War Museum till 29 September, and then at Sheffield October 19-November 30—is the first proper survey of his career and salutes the centenary of bis birth.

Jagger was a Yorkshire boy, and his first araining was an apprentice metal engraver with Mapln and Web in Sheffield. Apparently surreptitiously, aged about 1T, be sought and won a scbolarship at the Royal College of Art. At the college he was a student of Lanteri, and then his

Part of the Royal Artillery Memorial

assistant, until in 1914 be won a Prix de Rome. But that was in July: war was declared on August 4 and Jagger enlisted in the Artists' Rifles. For the next four years he was a fighting soldier, and the war proved the crucible in whicb bis essential talents were fused. He experienced it from wtihin; not, as did almost all the official war artists, from the peripbery, but more as did the ontstanding poets of the war—Sassoon, Owen or Rosenberg, though not Rupert Brooke.

The evidence of the early work, as shown in the exhibition, is of young talent exercising and developing assured technical skills througb eclectically chosen styles and subjects. His imagery of the first decade of peace, 1918-28, is pre-occupied almost entirely with war. Some of his early designs were complex, compressed and linear, suggesting low relief; and this interest, sharpened and tightened by study of hieratic Assyrian stone reliefs in the British Museum, was to prove one major element in his finest work.

His major monument remains the Royal Artillery Memorial. There could be no question of installing that in the exhibition, but it is demonstrated in a spacious, yet most effectively articulated, display that mixes pbotographs, casts from the *carved stone friezes* of battle action that flank the monument, end the bronze maquettes for the four figures of the soldiers.

Mucb of Jagger's output consisted of war memorials, massive projects *consuming time:* The Artillery project was five years in gestation. Indeed, all this kind of work can be sbown only by pbotographs, and maquettes do not convey the monstrous, superb matter-of-fect quality of the monumental acale finally realised in the soldiers' figures. Of these four at the flanks and ends of the Artillery massif, three stand sentinel in a pose somewhere between Donatello'a *St George* and Holbein's *Henry VIII*, one also hinting at crucifixion. The fourth is prone, dead under his cape and helmet.

The predominant virtue is endurance, or fortitude. The figures abide in their black bronze against the pale Portland stone cliff-like catafalque. On the long flanks of that, in sballow *friezes*, are carved the battle scenes, stylised activities behind the stoic stillness of the figures, and the wbole is crowned by the stone replica of a 9.2 howitzer. That ought, by *many rules of the book*, to be absurd, grotesque. I find it not so; in its transposition into wbite stone, its immobility no less than in the frozen activity on the reliefs below, it reads *as gbosts, a summoning uo from* a dead past. The four bronze figures endure, in reality.

Full-scale casts of the two friezes are sbown, but I found yet more impressive a large bronze relief (rather earlier, about 1919) of *No Mon's Land.* In tiha, the detritus of death in trencb warfare—corpse crucified on the wire, a leg protruding naked from the mud, a stretcher askew ageinst the sky —is in still-life, like a seawerck on a beach after the storm.

Jagger's imagery is still very difficult to assess objectively by those who are already involved personally with its subject. Its impact is formidable on still tender memories. Thus, I might be an unreliable guide. My father, like the sculptor, was wounded by the Turks at Gallipoli and gassed by the Germans in France; my brother, a gunner, was killed, a war later, in *Syria by the French. As memorial to them*, among the tens of thousands, Jagger's masterpiece could serve no better.

Dance in Paris

Freda Pitt

Sunday matinees in Paris *theatres* ere notoriously ill-attended, but the Théâtre Musical de Paris (Châtelet) was, deservedly, full to overflowing for the last preformance of the third work in the season of the Ballet du Siècle, Maurice Béjart's Irresistible *Le Concours.* In 2½ hours, without an interval, this develops, with very few *longueurs*, the double theme of an international ballet competition seen from behind the scenea (wickedly and bilariously caricatured) and an inquiry into the murder of one of the contestants, Ada (Sbonach Mirk).

The first music heard is that of the *Sleeping Beauty* Prologue, whicb fades out as the *curtain rises* on the arrival of the self-important judges and agitated competitors in tha rehearsal room. Whereas in his early *Ni Fleurs ni couronnes*, Béjart showed contempt for the *great* Chaikovsky classics, in his letest work be seems to view 19th century ballets in general with effection.

For example, when Jorge Donn, as the police inspector, makes his first entry—bearded, smoking, wearing street sboes—to the music of Albrecht's second-act entry in *Giselle*, the music and the dancing ere so ingeniously dovetailed that it is impossible to object; similarly, later on, to the music of Albrecbt's first pas de deux with Giselle in Act 2, the parallel is carried through with remarkable sensitivity as the inspector is surprised in his cogilations by the spirit of the dead Ada, with whom be dances e pas de deux. Each of the suspects is investigated in turn—Ada's Italian mother, her perfectionist Englisb ballet teacher, ber boyfriend, a choreographer for television, an illusionist, a video star and an announcer.

While the investigation is being pursued, the competition continnes, with some of the judges cast according to their real nationalities—Béjart's is sucb a multinational company that be bas no *difficulty* in casting Japanese or Americans. Yann Le Gac's portrayal of the affected French judge and Coleen Neary's scatterbrained American man-chaser stand out for their skill in speaking and acting as well as dancing; the solemn Japanese pair and hatchet-faced Soviet couple are also perfectly done.

In the competitors' performances, the gems include a zany send-up of the man's solo from *Le Corsaire* and several witty group take-offs to music from *La Bayadère.* Béjart saves one of the funniest moments for the conclusion, when the large atage is opened out at the back for a delightful parody of the more *pompier* aspect of the *grand défilé* at tha Paris Opéra, to the strains of the *great March from Berlioz' The Trojons.*

Part of the work is accompanied by percussion noises collated by Hugues Le Bar, ond in these passages the dancers perform in their familiar wriggly style; but for most of the time Béjart seems concerned to remind us that his company is a superb classical instrument.

Those who worship Béjart in portentous vein have been disconcerted by a work that *is* so shamelessly diverting, but it has attracted a whole new audience of classical ballet devotees. It would undonbtedly prove a smash hit in London.

It is not surprising that it should be a French choreographer who celebrates the *splendeurs et misères* of an international ballet competition, for Paris joined the roster last eutumn. The French are among the most competitive of nations, and French dancers frequently walk off with medals or first prizes at the most famous competitions aronnd the world. Their exceptional virtuosity is owed largely to their schooling, the quality of which was displayed impressively during the Opéra school's annual show, held this year at the Opéra-Comique.

After a revival by Christiane Vaussard of Leo Statis' pretty but unmemorable *Soir de Fete*, the main business of the evening was a sparkling rearrangement by the scbool's director, Claude Bessy, of Dauberval's original production of *La Fille mal gardee* as revised by Dimitri Romanoff to music by Hertel (as an Russia). This version is to Ashton's masterpiece as Coppelia before sha is endowed with a heart, the characters being only *types* (or, rather, stereotypes), and none of the choreography can be considered memorable. Nevertheless, it has great charm, brought out folly by the students, ebove all delightful Alexandra Gonin who danced every step with assurance, ease, expressiveness and style. As Colas, a cardboard character, Cyrille de la Barre danced a selection of steps of virtuosity with brilliance and precision, while Eric Camillo's spotty-faced Alain, with a buterfly-net and vacant expression, was splendidly danced and acted with panache. These three dancers, at least, especially Gonin, should bave a bright professional future ahead.

It was worthwhile to take another look at Rudolf Nureyev's production of *Romeo and Juliet* at the end of a long run at the Palais des Congrès for lhe sake of the dancing. Young Laurent Hilaire took over from Nureyev as Romeo at the matinée on April 27. The most *striking* of the Opéra's budding *danseurs nobles*, he has the romantic good looks for the role and interpretative ability, as well as admirable line and refinement of style. His progression to principal and then "étoile" sbould not take long.

At the Opéra-Comique, the Opéra's modern group (GRCOP) has been offering a very *mixed bag* of new and recent works. The most rewarding of those on view on April 26 (wben Michael Clark's novelty, *Angel Food*, disappeared from the programme without *apology* or explanation), was Andy de Groat's *Portraits de danseurs*, to a selection of Chopin preludes played by Georges Pludermacher. De Groat excels in the telling use of a simple movement: when the 11 dancers standing one behind the other slowly raise their arms, both the music and we are illumined.

Dream and Reality: Vienna 1870-1930

Patrick Blum

Any attempt to capture the artistic and cultural life of a city over 60 years in a single exhibition is almost bound to fail; all the more so if the city *is Vienna*, with its ricb and complex traditions. *Dream and Reality: Vienna 1870-1930* (at the Kunstlerhaus until October 6) is billed as one of the most important exhibitions to be *mounted in the Austrian* capital, but suffers from trying to achieve too much. It lacks a distinct theme apart from the fact thet all the works originated in the city; and fails in *seeking to unite what are really* two different eras: *fin de siecle* and pre-war Vienna, and the post-war period. What saves the abow is the quality of some of the exhibits, especially the paintings, by some of the greatest names of turn-of-the-century Viennese art.

Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos and Josef Hoffman are all represented with some of their most striking works. These make a visit worthwhile, even if many of the exhibits are poorly lit or indifferently displayed. Designed by Hans Hollein, an architect of some repute, the exhibition has been assembled in a surprisingly incoherent way. Since the only guide available is a beavy and expensive catalogue written in German, the thousands of visitors, including many foreign tourists, are left to find their way upbazardly through a maze of 24 rooms.

The exhibition ambitiously seeks to be more than a celebration of *jugendstil* art by also showing examples of philosopbical, literary, musical and political developments; so there are exhibits representing Freud, Wittgenstein, Schnitzler and Mahler, as well as anti-Semitism, Zionism, municipal socialism and war. Everything that was Vienna from 1870 to 1930 is put before us. The *result is fascinating* and disturbing.

The architecture of Otto Wagner is well represented with models of his most revolutionary buildings flanked by buge colour slides, his own sketches, floor plans and gilded, colour - wasbed presentation drawings. Some of the buildings — the Steinhof cburch and the Post Office Savings Benk, for example — can still be seen in Vienna and are well worth a visit.

The Vienna workshops founded in 1903 by Josef Hoffman and Kolo Moser produced beautifully designed objects of everyday use, e selection of which are displayed including silevr tea sets, gilded handbags, mother of Pearl boxes, textiles and glassware. There is also some stunning jewellery which is, unfortunately, poorly displayed in a small room that migbt easily be missed.

But the heart of the exhibition are the paintings of the secession, particularly those of Klimt, Schiele and Kokosbka. One large room is devited to Klimt with some of his best known portraits, sucb as the one of Emilie Floge. In another room Klimt's famous Beethoven Frieze, beautifully restored, illustrating hnmanity's progress through suffering to joy — the theme of the composer's ninth Symphony — is displayed in a faithfully reconstructed copy of Hoffman's Secession Room where it was first exhibited in 1902. In other rooms are some tortured Schiele paintings, a few Kokoshkas, and Klimt's most popular work, "The Kiss," whicb is properly displayed without the barsh lighting that spoils viewing of some of his other paintings.

Despite the historical references — there is plenty of memorabilia, ranging from old photographs to the bloodstained uniform worn by Archduke Franz Ferdinand on the day of bis assassination in Sarajevo, and anti-Semitic posters — the exhibition lacks a sense of bistory. It gives no indication, for example, that the achievements it celebrates were produced in the teeth of the fierce opposi*tion (which prompted Klimt's* remark to Wagner: "They won't let you build the walls on which to paint my pictures.") That tension is absent and, by spanning sucb a long period, the exhibition glosses over the cultural and politicel cleavage between pre and post-war Vienna. The importance of the year 1918 is insufficiently stressed. 1918 was the year which not only marked the ned of the war, the collapse of the Habsburg empire and the formation of Austria's first republic, it was also the year in which Otto Wagner, Schiele, Moser and Klimt *all died. It* reelly was the end of an era.

But, for all its failure the exhibition is well worth a visit For thse not planning to travel to Vienna this summer, there will be a chance to see most of the exhibits — although the Beethoven frieze will be staying in Vienna — when the exhibition moves to Paris and New York later this year.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 3–9

Exhibitions

NEW YORK

Treasures from the New York Public Library: 260 works chosen from one of the five best library collections in the world may cover America better than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements of the discovery of New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Museum of Modern Art. The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris *toll collector who brought together* man and nsture at their most benign and intriguing. Ends June 4.

WASHINGTON

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for s King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and *publicize his paintings, he* developed s unique style as shown in the 27 etchings in this special exhibit of more than s third of his total output of 75 etchings. Ends Sept 2.

LONDON

Walker Art Gallery, Liverpool: The 14th John Moores Liverpool Exhibition. Other open submission exhibitions have come along since the first John Moores in 1957, but this is the one which artists most wish to be part of, although hardly dare hope to win. The 2,500 or so entries include a fair representation of all that is most lively and serious in painting in this country, which has to be cut to under 100 works for the *final show. This year only 52 have* been selected, and Bruce McLean, one of the brightest stars in the firmament of the new British figurative expressionism, carries off the £11,000 first prize. Ends Jun 16.

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to s wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more *exhibition space for* temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic *achievements of this era with phil*osophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists oo the other is hinted at but not fully explored. A high point of the show is s reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth e special visit. Kunstlerhaus. Ends October 6.

PARIS

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in rendering ladies' rustling dresses and beautiful hats, surrounded by sttentive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

Shogun, weapons, armour, clothes, beautiful objects from Japan's golden age from the 12th to the 19th century testifying to the art of living *of the tokugawas. Espace Pierre* Cardin, 1, Ave Gabriel (2661730-2661781). Ends May 14.

La Nouvelle Biennale de Paris assembles 120 painters of all nationalities. Punk-style posters lure visitors to the trans-avant-garde fun-fair of the arts *spreading* over 12,000 square metres in a vast hall of the former La Villette Slaughter House. 211 Avenue Jean-Jaures, Metro Porte de Pantin (7302525) Ends May 21.

WEST GERMANY

Düsseldorf, Städtische Kunsthalle, Grabbeplatz 4: *Masterpieces* of the 20th century, from the private collectioo of the German industrialist Thyssen-Bornemisza, are on show. Works by Manet, Gauguin, Bonnard, *Mondrian, Picasso*, van Gogh, Schwitters as well as Russian Konstruktivists. Ends Jun 6.

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: 'Ornamenta Ecclesiae.' To underline the importance of the romanesque churches, the Cologne Schnütgen museum has organised an exhibition of roughly 600 religious works *from* 11th to 13th century. These are illuminated manu*scripts and gold artifacts* from museums and collections from all over the world. Ends Jun 9.

BRUSSELS

Hotel Metropole is celebrating its 90th *year* and in *its splendid fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including e Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

ITALY

Turin: Palazzo Reale: Indian miniatures from the 17th to tha 19th century entitled Life At The Court of Rajasthan. The paintings come mainly from the Victoria and Albert Museum and the Museo Rietberg in Zurich. Ends May 22.

Ca' Vendramin Calergi (Venice) – Wagnerian apartments: Japanese figurative art 1873-1974. An exhibition organised in collaboration with the Japan foundation of works of more *than 50 artists, showing how the tra*ditional style has been modified by European and American influences. Ends May 19.

Rome, Palazzo dei Conservatori in Compidoglio. From Cézanne to Picasso: 42 Masterpieces from Soviet museums. A wonderful collection of Impressionist gems lent by the Hermitage in Leningrad and the Pushkin Museum in Moscow, 17 of *which have never before left Russia.* The collection includes works by renoir, Van Gogh, Matisse, Monet, Gauguin, Cézanne and Picasso. Ends Jun 15. Istituto Nazionale per la Grafica, Vis della Stamperia 6. Julia Margaret Cameron: Photographs 1815-79. A fascinating series of photographs by one of the first and most successful of Victorian amateur photographers. Ends May 17.

Venice, Palazzo Fortuny: Toys for the *science-fiction era, showing* how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

TOKYO

Turkey: Land of Civilisations: Trea*sures from the Topkapi and* other museums trace Turkey's history and civilisation from prehistoric times to the and of the Ottoman Empire in the early 20th century, in an exhibition that is the first of its kind outside Turkey. On the 9th floor of the Kokusai Building, Hibiya, overlooking the Imperial Palace and moat, Idemitsu Museum. Ends June 2.

Hara Museum Fifth Annual Exhibition of Contemporary Art: Promising young artists exhibit a variety of media from painting, paper sculpture, plants, to svant-garde dance. A delightful museum in s restored private home with garden where the dance will take place. Ideal for weekend outing. Hara Museum of Contemporary Art, Shinagawa. (4450651). Installations End May 19.

Saleroom/Antony Thorncroft

Great men, great prices

Christie's has under-estimated the prurience of the public concerning the affairs of the great men of bistory— but to its advantage, and to the gain of the descendants of Calvin Bullock. He was an American financier, founder of the investment management firm that *bears his name*, who developed a fascinatioo for Nepoleon and Nelson. He bought anything relating to them between the wars and his collection sold at auction yesterday for prices way beyond *those expected.*

Top price in the morning session was the £324,000 paid by Richard Nagy, a U.S. dealer, for "La bataille du Pont d'Arcole" by Vernet. Painted in 1826, it depicts Napoleon urging bis troops on to an Italian victory in 1796. The painting carried a top estimate of £80,000.

But more remarkable were the prices paid for personal mementoes. A gossipy leter to Nelson from his mistress, Lady Hamilton—her last known letter to him and only one of two to have survived (he destroyed the others)—sold for £30,240 to J. and J. May, *as* against a top estimete of £3,500.

The London dealer Fritz-Denneville was keen to ecquire pictures, paying £172,800 for a large depiction of the battle of Austeritz by Baron Gerard, commissioned by Napoleon and hung by him on the ceiling of the Tuileries; and £151,200 for another historical work by *Vernet showiog* Napoleon teking leeve of the Imperial Guard outside Fontainebleau in 1814.

The travelling writing box of Jerome-Napoleon, King of Westpbalia, with all its implements, went to the London dealer Armitage for £91,800, around three times the forecast; and a collection of 521 books bound in morocco from the library of Marie Louise, wife to Napoleon, made £81,000, to Consigli Arte of Italy.

The auction, which was estimated to bring in around £1m, looked set to double that figure wben prices in the afternoon session *also* left estimates far behind. A collection of more than 100 bills receipted by Marie - Antoinette fetched £11,880, as against a £3,000 top forecast; while the tragic last note rebuking her lawyer written moments before her execution by Charlotte Corday sold for £10,800.

Sotheby's also had its excitements yesterday. In a routine auction of Impressionist pictures, an Italian Futurist painting of around 1919, which carries the signatureof Boccioni but whicb Sotheby's was reluctant to confirm, sold for £77,000, as ageinst a £12,000 top forecast. Two bidders, *obviously* confident it was by this rare artist, competed for it.

Legal Notices

IN THE MATTER OF
CONCRETE REINFORCEMENT
COMPANY LIMITED
AND *IN* THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, *are required, on or before the 31st day* of May, 1985, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Ian Donald Williams of Fairfax House, Fulwood Place, London WC1V 6DW, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 30th day of April, 1985.
IAN D. WILLIAMS,
Liquidator.

EUROPEAN INDUSTRY

Pirelli hopes to maintain a high profile

The Italian group has unveiled second generation versions of the ultra low profile high performance tyres which it pioneered in the early 1970s, reports John Griffiths. It expects the market for such tyres to grow by 15 per cent a year up to the start of the next decade, and sees higher profit margins

THE world automotive tyre market is worth $30bn a year, but is stagnant and appears likely to remain that way for the foreseeable future. On even the most optimistic scenario, demand for car tyres within Western Europe will grow by about 2 per cent a year up to the end of 1990, from the current 150m a year level. And the business will still be plagued by over-capacity and fierce price competition among tyre makers, as a result of continuing productivity improvements.

This is the view of Pirelli, the Italian-based tyres, cables and cable-laying group—and one largely shared by Michelin of France, Goodyear, of the U.S., Continental Gummi-Werke, of West Germany, and others among the leading tyre producers.

In these circumstances, Pirelli's decision to fly in several hundred journalists from the main vehicle-producing countries to Madrid to try out two new tyres might appear profligate.

But, as Mr Bert Silber-Bonz, the company's group sales director, hastily points out, these particular tyres are seen as holding the main key to the group's profitability in the tyres sector throughout this decade and beyond.

Pirelli has spent $12m, at its research centres in Italy and West Germany, developing the tyres. They are second generation versions of the "ultra low profile (ULP) high performance units Pirelli pioneered, with its P6 and P7 types, in the early 1970s.

These earlier tyres, together with productivity gains and capacity cutbacks, have already been largely responsible for *Pirelli's return to profitability* in the tyres sector after the traumas of the last recession. Late last year, it released, for the first time, combined accounts for its operating companies, showing a $34.8m net profit on a $3.63bn turnover for 1983. The latest published results, for 1984's first half, show the 1983 full-year profit being almost matched, at $32.3bn, on a turnover of $1.84bn.

Pirelli's cables operations, which almost match in size the tyres business as a proportion of turnover (43 per cent to 45), take some of the credit. But as a result of following a strategy *of* moving "upmarket" in the tyres sector, which the products *displayed* in Madrid *exemplify*, "Pirelli's tyres sector is now making profits, even allowing for inflation," says Mr Silber-Bonz.

With its latest P600 and P700 tyres, both claimed to provide substantial roadholding, handling and wear improvements over their predecessors, the company insists that it is again moving one step ahead of the flock of rival companies which quickly followed it into producing ULP tyre offerings.

Bold as its claims for the tyres my be, however, Pirelli's optimism about its medium-term prospects is linked as much to structural changes in new car markets as to the tyres themselves.

Vehicle makers are enjoying an unexpected boom in sales of higher performance cars. "Go-faster" versions of volume-built cars, such as Volkswagen's Golf GTI, Ford's Escort XR3I, Peugeot's 205 GTi and Fiat's Strada Abarth are selling in *far* higher quantities than expected—about one in four of all Golf sales, for example, are of the 116-mph GTi version. Overall performance levels of volume producers' vehicles *catering* to the *executive* and luxury market have also risen dramatically since the start of the 1980s—speed capabilities of 120 mph plus are becoming almost commonplace. And most producers of specialised executive and sports cars, such as Mercedes, Jaguar and Porsche, are enjoying seemingly inexorable sales *increases*.

All need ULP tyres, and Pirelli and other tyre producers believe that the number of car models designed from scratch to use them will continue to proliferate.

So Mr Silber-Bonz forecasts that the ULP sector will grow by 15 per cent a year at least up to the start of the 1990s, and that by then one in six of all new cars will be fitted with such tyres. "Really," he insists, "the market for them is only just starting."

But the improved prospects this scenario appears to hold out for Pirelli and others paying particular attention to the ULP sector, are not based only on higher unit sales. The tyres are regarded, with justification, as sophisticated high-technology items, and thus not so subject to the fierce price-based competition which against the background of continuing over-capacity has virtually destroyed profitability for producers in the bread-and-butter, volume cars sector.

"It means that we can measure profit-per-unit in pounds, not pennies," observes Mr Martin Wood, sales director of Pirelli in the UK, the Burton-on-Trent plant of which will start producing the new tyres early next year. The latest tyres carry a 7-10 per cent price premium over the P6 and P7 types.

Initial output, now getting under way, will be from plants in Italy and West Germany, just two of the 112 the group has scattered around the world producing either tyres or cables.

The trend marks, however, only a change in the nature of competition, not the fierceness. Pirelli may feel that it has put one over its rivals. But as the computer industry has long *since found*, technology-based competition produces highly *volatile markets*, and Pirelli's strategy inevitably remains vulnerable to technology breakthroughs by virtually any of its rivals.

It is to try to guard against this that Pirelli has been stepping up its tyre research and development budget, to which $80m is allocated this year, on top of $200m in capital investment to make the product more cost-effective.

Equally inevitably, however, the strategy is vulnerable also to any further unforeseen oil crises, which could once again switch emphasis in car markets back from performance to economy.

In the absence *of* such developments, Mr Silber-Bonz insists that Pirelli has good reason for its resurgent confidence, particularly in the original equipment markets: "many car makers now see Pirelli as a development partner right from the design stage," he stresses.

With a claimed 18 per cent market share in Western Europe's original equipment car tyre sector, and 15 per cent in the replacement market, Pirelli remains well behind Michelin's 30 per cent-plus market leadership. But largely as a result of its ULP operations —which are about to include the introduction of low-profile *radials* for trucks (Pirelli currently can claim only a 8 per cent share of trucks business) —"the gap is narrowing," claims Mr Silber-Bonz.

So far, growth in the ULP sector has been *fastest* in the original equipment sector, for the simple reason that motorists merely replacing their tyres tend to be slower to react to tyre technology changes. But ULPs are now accounting for 10 per cent of the total replacement market, and Pirelli forecasts that heightened awareness of their existence will produce *30 per cent annual growth for* ULPs in the replacement sector *between now and 1990*. With its having a claimed market-leading *33 per cent share* of ULP sales in Western Europe, it is not hard to see why Silber-Bonz and his colleagues attach such importance to the new product.

Western Europe is just one part of the equation, however: "We've got to have a truly international presence—we must grow in all areas," stresses Mr Silber-Bonz.

With a substantial manufacturing presence in Brazil and Argentina, Pirelli should be well placed to tap an only-just-emerging ULP market among motor sport-mad Latin Americans. Perhaps most significant, however, Pirelli has just signed its first original equipment supply deal for ULPs with a North American car maker which it is not yet prepared to name.

Pirelli already claims a 17 per cent share of the U.S. performance tyre market, selling about 1m replacement tyres a year through its own importing company. But this represents only about 1 per cent of the tyre *market overall*.

At the same time, the company is seeking to develop further its high-performance tyre business in Japan, to which it exports over 750,000 ULPs a year, and ventures in almost any other countries where they appear practical.

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OVERSEAS INDUSTRY

Gencor takes steps to seal off its currency hedging risk zones

BY GEORGE MILLING-STANLEY

TO THOSE who believe that the world's mining industry is in its death throes, the reordering of responsibilities among top management recently seen at both of the big London-based mining finance houses, Consolidated Gold Fields and Rio Tinto-Zinc, must seem rather like rearranging the deckchairs on the Titanic.

There have been suggestions that Gencor, South Africa's second-largest mining and industrial company, behind only Anglo American Corporation, has been engaged in a similar reorganisation, but Mr Ted Pavitt, chairman, says this is not the case.

"We have had effectively the same management structure since 1980, when the Gencor group was formed through the merger of General Mining and Union Corporation," he points out. He dismisses as "a journalistic ploy," attempts by South African commentators to blame the "new" management structure for the group's recent troubles.

There have been minor alterations since 1980 in the allocation of responsibilities between the various operating divisions of this multi-faceted group, the most recent being a ruling from the top that no forward dealings, especially in the currency markets, are to be left uncovered.

This ruling is designed to prevent any recurrence of the problems which struck Gencor and a number of its operating subsidiaries in 1984 in both currency and metal markets, giving the group as a whole a loss of R200m ($100m) on foreign exchange. That led to a fall of 17 per cent in attributable profits at R887.8m.

In common with many other companies in South Africa, a number of Gencor subsidiaries took the view early last year that the U.S. dollar was bound to weaken against the rand. They tried to protect the value of their expected dollar receipts through the forward currency market and did not cover liabilities in foreign currencies.

In the event, the rand plunged from 80 U.S. cents at the start of 1984 to its lowest-ever level of 50 cents by the end of the year, resulting in substantial foreign exchange losses for several group companies, notably Impala, the platinum producer, and Tedelex, the television and consumer electronics concern.

Another matter compounded the problem at Impala. Mr Johan Fritz, Gencor executive director in charge of mining, explains that the company undertook to satisfy an exceptionally high level of demand for platinum from one important long-term contract customer, even though it could not meet the full requirement from its own mine production.

"We bought in platinum at about R400 per ounce, and by the time deliveries had finished we calculated we had been paid an average price of R240," he says. This move alone cost Impala R34m in stock losses.

Mr Pavitt believes a rethinking of marketing strategy is indicated: "It was not the decision to keep a prime customer happy that was wrong, it was simply the quantity involved."

Mr Tom de Beer (left), Gencor's executive director—finance, and Mr Ted Pavitt, chairman: 1985 will be another tough year

Mr Tom de Beer, in charge of finance for the group, is confident there will be no recurrence of any of these difficulties. "This sort of thing is much better handled from the group's headquarters, where we lay down the guidelines. We have licked the problem through better coordination," he says.

Mr Pavitt makes it clear that from now on, only the group's less successful operations, such as the marginal gold mines, West Rand Consolidated and Stilfontein, will be allowed to hedge, and then only as a means of protecting their cash flow.

The speculative element apparent in some of last year's transactions has been strictly outlawed, which will come as a relief to the many investors who have long felt that mining companies had no business dabbling in financial markets anyway.

Gencor's problems last year were not all due to the vagaries of exchange rates. Mr Pavitt characterises the year as "without doubt the most difficult we in South Africa have had to contend with in the last 40 years."

He continues: "The recession worsened, as did the drought. Inflation remained at around 12 per cent. Government continued to rely on monetary measures rather than on fiscal policy, and this tendency was reflected in interest rates which rocketed to a record high prime rate of 25 per cent."

All this, he says, coupled with the exchange rate difficulty, meant that South African businessmen had "a lot of learning to do in little time and under great pressure. In the process, mistakes have understandably been made in Gencor as well as by many others."

Gencor's managers are agreed that 1985 is going to be another tough year in South Africa, in fact the worst of the current economic cycle.

While welcoming the moves towards greater fiscal discipline in the first budget from Mr Barend du Plessis, the new Finance Minister, Mr Pavitt believes that inflation will continue to rise in the short term, putting the country at an increasing disadvantage against its major trading partners.

Domestic interest rates are expected to come down later in the year, but Mr Pavitt contends that "they will still be high and will continue to have a serious effect on financing costs and profitability."

On the other side of the coin, Mr Basil Landau, head of Gencor's industrial operations, which have assets worth some R5bn, points to the fact that South Africa has had good rains recently. "Their effect is still patchy," he adds, "but at least we should not need to import grain this year, as we have been doing of late."

Much clearly depends on a continued recovery in the agricultural sector, and of course the gold price could swing in the country's favour at any time.

Beyond that, Gencor is better placed now than it was a year ago in a number of areas. The new Beatrix gold mine is in production, and the group raised over R100m by selling around a quarter of the equity to Gencor shareholders.

Samancor, the manganese producer, is "going like a bomb," according to Mr Johan Fritz, head of mining operations, as it continues to reap benefits from the comparatively high dollar prices received for its export. Perhaps more significantly, Sappi, Africa's largest paper producer, has now virtually completed a four-year, R1.5bn expansion programme, which has doubled its capacity.

But the biggest single determinant of Gencor's profitability in the coming year remains the exchange rate.

In the circumstances, and in the light of last year's disastrous forays into the foreign exchange markets, it is appropriate to ask whether Gencor has done all it can to safeguard its position. Was the decision to transfer to the headquarters staff all responsibility for laying down day-to-day guidelines on currency and metal markets an adequate response to the problems?

The answer clearly depends on whether top management is going to perform this function more effectively than the managers of the various subsidiaries, but there can be no doubt of the importance executives attach to the problem.

Gencor decided against bringing in outside experts in foreign exchange, but a few months ago it created the new post of group treasurer, which was filled from within the ranks of the existing financial staff. The group treasurer's recommendations will be mandatory for all group companies.

The decision to confine forward dealings to those operations which need them as a form of insurance is soundly conservative, as is the commitment to a philosophy of trying to stay covered by arranging matching transactions.

London's Gencor-watchers are divided on its prospects for this year, with stockbrokers' recommendations ranging all the way from "buy" to "sell." But there is obviously less chance of the group coming hopelessly unstuck this time around.

A conglomerate's collapse may give the reformers their opportunity, **Bob King** reports

Taiwan draws lesson from Cathay Plastic

THE TAIWAN authorities are still sorting out the tangled affairs of the big companies and financial institutions whose sleight-of-hand over the past few years caused the country's worst ever financial scandal, brought about the downfall of a cabinet minister, and could cost foreign banks hundreds of millions of dollars.

Yet the financial collapses which began nearly three months ago with revelations of insolvency at Cathay Plastic Industrial, and a government takeover of two banking affiliates have probably provided reformers with the example they need to press for changes in Taiwan's company and banking laws which might lessen the chances of similar occurrences in the future.

The Taipei courts have in recent weeks sentenced Mr Tsai Chen-Chou, head of Cathay Plastic and of the Tenth Credit Co-operative—both mainstays of the Cathay Group—to two terms of 15 years for passing bad cheques. Mr Tsai, a member of Parliament who was stripped of his legislative immunity more than a month ago, may also be charged with breach of trust and fraud, according to the Finance Ministry.

Investigators have also detained several junior government officials who, they say, advised Mr Tsai in advance of surprise audits at the co-operative and thus allowed him to cover up irregularities. They also suspect that at least one unnamed higher official participated in the cover-up.

The panic, which started last February 9 when the Finance Ministry ordered the Tenth Co-operative to cease lending operations, has worried foreign bankers here. They have as much as $500m in guarantees and loans outstanding to many of the 70-odd firms in the Cathay group, one of Taiwan's three largest conglomerates.

The Government subsequently took over Cathay Investment and Trust, an affiliate whose accounts were supposedly separate from Tenth Credit's, but which also suffered a near-disastrous run by depositors. This move fed further fuel to the fire.

Foreign banks, which have already recorded more than $200m in problem loans to Taiwan borrowers over the past two years, have about $100m in loans outstanding to companies in the Cathay Investment sub-group, according to reliable estimates, and perhaps $200m more to other firms in the group.

The Finance Ministry, which as long as two years ago recommended a government takeover or reorganisation of the Tenth Credit Cooperative, only to be overruled, has seized on the Cathay case and made it a basis for ad hoc administrative changes in its regulations covering the opeartion of credit co-operatives.

Officials of the ministry's monetary affairs department Plastic's tangled affairs has say their unravelling of Cathy revealed a textbook example of what is wrong with many private Taiwanese financial institutions and businesses. Some credit co-operatives have grown away from their original function as non-profit-oriented mutual savings and loan associations and have become instead the personal "money machines" of their managers.

The ministry will in future require stricter reporting of lending, impose limitations on the scale of co-operatives and the number of members, modify the internal operations of co-operatives and, most important, prohibit the chairman of a co-operative's board from also heading a large commercial enterprise. Later, the Government will propose clear-cut revisions to the banking and company laws, although that process could take a year or more.

"After this, we at the finance ministry will be in a stronger position to act (on violation of the rules)," said Mr Chen Mu-Tsai, deputy director of the monetary affairs department. "Also, the financial institutions will understand better that if they don't play by the rules and make the necessary changes, we'll be coming down on them hard."

The public, which provided Mr Tsai with hundreds of millions of dollars in high-interest, grey-market deposits, may also draw from the case lessons about the relationship between high-interest rates and risk, as well as a clear understanding of their rights and obligations as members of a credit co-operatve.

JOBS COLUMN

High flying car producers for Yugoslavia

BY MICHAEL DIXON

THERE was a familiar look about the man subsiding into the seat alongside as the executive from Dr Armand Hammer's Occidental Petroleum group boarded the plan at Belgrade. The Hammer man was flipping back to the U.S. to report on negotiations for a big deal with the Yugoslav Government.

Sure enough, his neighbour turned ont to be an old acquaintance who now worked for the somewhat lesser known American wheeler dealer Malcolm Briklin.

Readers may recall that some time ago Briklin produced a zippy sportscar which, since he is a fanatical anti-smoker, was notable for its absolute lack of ashtrays. It wasn't a success. Its mentor then turned to importing the Japanese Subaru car into the States, which made him a lot of money.

Anyway, as the flight proceeded the Hammer man chatted—guardedly of course—about the negotiations. One of the things he mentioned was that the people on the other side of the table insisted on paying in Yugoslav produce and products.

That reminded him of the interests of his neighbour's boss, because one of the products on offer was a small car of Yugoslavia's own design called the "55." It was in essence a good car, the Hammer executive said. Being an oil corporation, Occidental wasn't mucb interested in the car. But perhaps Mr Briklin might be. . . .

The upsbot is the new Yugo America company set up by Malcolm Briklin to import into the U.S. a version of the 55 which will continue to be made in Yugoslavia's plants at Zastava.

Tbe car is a three-door hatchback with an engine of just over 1,000 cc, and I'm told it will retail at $3,999. The plan is to sell at least 35,000 in America in the first year. A larger development is also on the stocks.

But suiting the car to the requirements of the U.S. market will mean making a good many improvements to it, some of pretty fundamental kind. What's more, there will need to be mucb resbaping of manufacturing methods to add production for the U.S. to the Yugoslavian plants' present annual output of around 100,000 models, although in embryo there is already capacity to produce twice as many.

Which is wbere the Jobs Column comes in. For part of the deal with the Yugoslavian Government is that Yugo America will put into the plants the key staff needed to up-rate production to the quality and quantity required. Tbe search for them is being made by the London - based headhunter Alexander Hughes and Associates UK. And its consultant Clive Deverell wonders whether any readers will meet the specification for either of the two top posts.

One will be a manufacturing supremo with success in managing the high volume production of cars, backed by well developed skills in production engineering. Even though the Yugoslavian Government has put out a policy statement of full support for the venture, much will depend on the incoming maoagers' ability to get along with the workers' councils. So the manufacturiog chief will have to be strong in managing by persuasion.

The same goes for the other recruit who will report to the manufacturing boss and likewise have responsibilities covering not only the main plants in Zastava but also their suppliers elsewhere in the country.

The second newcomer will be a practical quality assurance expert. Duties will range from seeiog that basic specifications match U.S. requirements to gettiog outside suppliers as well as plant workers to understand aod maintain rigorous standards. The job is to ensure that the cars are in every respect not just made but shipped in top quality condition.

Salaries are up to $130,000. That, according to the Inbucon survey I reported last week, is nearly twice the average dollar rewards paid to a British expatriate working in New York, who bome in the UK would be on a salary of £30,000. Perks include car with driver and free accommodation, for families if so required.

While I gather that Zastava is scarcely heavan on earth, the recruits could live in Belgrae. Thel remployer will be the Yugo America company.

Their effectiveness would be improved if they were fluent in SerboCcroat. If candidates don't speak it olready, they'll need to be willing to learn it. Those who have acquired fluency in at least two languages will bave an advantage.

Inquiries to Mr Deverell at 5 De Walden Court, 85 New Cavendish Street, London W1M 7RA; telepbone 01-626 9184.

Luxembourg

FROM Yugoslavia to Luxembourg wbere headhunter Dudley Edwards of the Roger Parker Organisation wants to send a foreign exchange manager cum treasurer to work with a European-owned international bank.

Since be may not name his client he promises to abide by any applicant's request not to be identified to the employer at this stage. So do the other recruiters to be mentioned later.

Here again language skills are important. Candidates must speak Frencb as well as English and German would be a big help. They also need understanding of continental European culture besides expert theoretical and practical ability in all aspects of treasury and foreign exchange work. The reason is that marketing the bank's services in those areas will be an important part of the job.

Salary is not specified, but my guess would be between £35,000 and £45,000, plus car and other negotiable perks.

Inquiries to Mr Edmunds at 65 London Wall, London EC2M 5TU; telephone 01-588 2580.

Computers

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The other pair of jobs are each for sales managers. One will be responsible for the company's personal computers. The other will be concerned with printers, from the daisy wheel type through to the laser variety.

In either case candidates need success preferably in selling the same kinds of products but, if not, in dealing with similar markets. Demonstrable ability to run a sales force including distributors is wanted too.

Salaries again about £25,000. But bte sales managers will each be expected to earn at least a further £15,000 in commission. Cars among perks.

Inquires to Dr Ahern at Ahern Associates, 60-61 Quarry Street, Guildford, Surrey GU1 3UA; tel 0483 502666, telex 859500 Sharet G.

Property

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WHSMITH

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DISTRICT GENERAL MANAGER

SCUNTHORPE HEALTH AUTHORITY

Population 192,000 — **Budget £23m**

The Authority requires a District General Manager who will be personally responsible for the effective deployment of available resources to promote the health of patients in its care. This is the principal post in the organisation requiring high qualities of leadership of an innovative nature.

The General Manager will need to implement the recommendations of the recent Government Inquiry into management in the NHS – the Griffiths Report. This will involve initiating and carrying through plans in accordance with the policies of the Authority to provide a cost-effective health service meeting the requirements of the urban and rural community served.

Candidates should possess the ability to command the respect and support of professional and clinical colleagues and be able to demonstrate a proven record of management success involving control of a substantial annual budget in a large and complex organisation. Remuneration and conditions of service will be negotiable subject to experience. The salary for the post will be not less than £26,000 per annum.

Yorkshire Health Region

Detailed applications should be submitted to the Chairman: Mr J.P. Mason, 17 Wells Street, Scunthorpe, South Humberside by 31 May 1985. They should be marked "In Confidence – District General Manager Appointment". Further particulars will be sent on request.

INVESTMENTS DEALER (MONEY MARKETS)

Salary Circa £15,000

Halifax Building Society wishes to recruit an additional Dealer for it's Treasurer's Department based at Head Office in Halifax.

Invested funds are now in excess of £3 billion and the Society has a substantial presence in the wholesale money markets. The person appointed will be involved primarily in CD, Bill and Deposit dealing and relevant experience in these areas is desirable. A professional qualification would enhance future prospects.

The post carries a full range of benefits, including a contributory pension scheme, life assurance, BUPA and staff mortgage facilities.

To apply please send a full C.V. marked "Private" to:- D C Laughlan ACIS, ACBSI, General Manager, Personnel and Services, Halifax Building Society, P.O Box 60, Trinity Road, HALIFAX, HX1 2RG.

HALIFAX
BUILDING SOCIETY

KANSALLIS IN LONDON

The largest commercial bank in Finland, Kansallis-Osake-Pankki is rapidly establishing a significant presence in the international financial community. As part of this programme of worldwide expansion, Kansallis's London branch is substantially broadening its range of international banking services, and is looking to fill the following key positions.

MANAGER TRADE FINANCE
Applications are invited from Bankers, aged 25-40 who have acquired in-depth experience in forfaiting with a London Bank. Extensive experience in European legal/documentation requirements is essential and knowledge of the funding of a forfaiting portfolio would be an advantage. The successful candidate will be required to establish a small section to conduct a forfaiting operation initially and later to develop other trade finance activities.

SCANDINAVIAN MARKETING OFFICER
We are seeking an experienced officer to develop a Scandinavian marketing programme concentrating on merchant banking based products but also covering selected commercial banking products. The successful candidate must be able to speak a Scandinavian language and be prepared to travel frequently.

CONSTRUCTION/PROPERTY FINANCE OFFICER
Several years' experience, in the property finance department of a London-based bank, are required for this position. Candidates must have experience in credit analysis and control of an expanding portfolio. Solid banker preferred, able to give attention to detail, with the potential to develop into a marketing role.

NEGOTIABLE INSTRUMENTS
We require a trader, with a minimum of 5 years' experience in a dealing environment. Candidates must have a sound knowledge of trading in certificates of deposit and acceptances in both dollars and sterling. Knowledge of trading in the financial futures would be an advantage. Must be able to use initiative to make decisions within policy guidelines.

CUSTOMER DEALER
We are seeking a dealer with a minimum of 5 years' related experience in both FX and deposit markets. Previous experience in customer dealing preferable. The successful candidate will have responsibility for developing new customer business within an expanding marketing programme.

DEPUTY MANAGER CAPITAL MARKETS
An experienced bond specialist is required to manage our risk exposure in liaison with the head of the department. Minimum 4 years' experience required in international bond markets. Previous experience in futures and options desirable. This position will involve a wide range of international securities.

EUROBOND SALES
We are expanding our sales activities with particular emphasis on the Nordic domestic bond markets. We are seeking a young, numerate graduate, with approximately 2 years' previous banking experience. Experience of international capital markets would be an advantage. Additional activities will include assisting with the arrangement of private placements and Eurobond sales.

EQUITY ANALYST/SALES
We require a young stockbroker with a minimum of 2 years' experience analysing/selling UK and/or international stock. Previous experience of Nordic equities will be an advantage since it is the intention to expand our activities in the Nordic markets. This position will involve considerable international travel, developing contacts with company managements in Scandinavia, and with institutional investors in the U.K. and the U.S.

For the above positions, competitive salaries with an appropriate benefits package will match the expectations of those candidates who qualify to meet the challenges expected during the development of the branch.

KANSALLIS-OSAKE-PANKKI
LICENSED DEPOSIT TAKER

Mrs. B. Tannett
Assistant Manager, Personnel & Administration
Kansallis-Osake-Pankki
19-20 College Hill
Cannon Street
London EC4R 2TJ

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Career appointments in expanding organisation offering early increased responsibilities and earnings – London or elsewhere.

LEADING U.S. BANK WITH WORLD-WIDE BRANCH NETWORK

CJRA INTERNATIONAL BANKING EXECUTIVE – CAPITAL MARKETS/SYNDICATIONS

LONDON **£35,000–£45,000 + BONUS + CAR**

For this new appointment, the result of growth and further diversification, we seek applications from graduates or professionally qualified candidates aged 32–38. We require a minimum of ten years experience in the marketing of major international lending transactions with the last three years engaged in the successful promotion of Capital Markets vehicles including Euronote facilities, F.R.N.'s, F.R.C.D.'s, Eurobonds and SWAPS. The capacity to initiate and lead-manage multi-currency syndications is essential together with a background in significant corporate and correspondent bank lending. Reporting to the Regional Manager – Europe, Middle East and Africa and heading up a highly professional business development group, the successful candidate will be responsible for spearheading the Bank's activities in these fields with particular emphasis on new business acquisition. Key qualities are communication skills, a strong credit background and the ability to establish lasting client relationships. Additional languages will be an asset. Significant foreign travel is involved. Initial salary negotiable £35,000–£45,000, plus incentive bonus, car and a full range of generous fringe benefits. Reference IBE 16703/FT.

CJRA FOREIGN EXCHANGE DEALER

LONDON **£25,000–£35,000 + BONUS + CAR**

Increasing volumes through a busy dealing room reflect our Client's continuing international expansion. We invite applications from seasoned FX dealers, aged 23-28, with not less than three years proven experience, preferably in control of an active book with a leading financial institution. As a member of a small, lively FX dealing team, the successful candidate will be responsible to the Chief Dealer for all aspects of the conduct of a spot currency book but will be expected to become involved in the general activities of the unit involving all major currencies both spot and forward. Initiative, drive and a willingness to accept the challenge of producing results in a competitive environment are essential requirements of this position. Initial salary negotiable £25,000–£35,000 plus incentive bonus, car and a full range of generous fringe benefits. Reference FED 16704/FT. Applications in strict confidence under the appropriate reference above, will be forwarded unopened to our client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: C.J.R.A.

A stimulating, demanding appointment with excellent career prospects.

CJA INTERNATIONAL MERCHANT BANKER

LONDON **£25,000-£30,000 + CAR + BONUS**

EXPANDING INTERNATIONAL MERCHANT BANK

For this new appointment, we invite applications from candidates, aged 27-35, with international corporate banking experience in syndicated loans, trade financing and export credit finance, preferably within North/South America. Spanish and/or Portuguese would be an advantage. The successful candidate will have considerable autonomy in identifying, negotiating and closing profitable deals in highly competitive market places where tenacity, commercial ingenuity and flair will be well-exercised. Communications skills and commitment are important qualities in this individual who will be strongly motivated by successful deal-making. Initial salary negotiable £25,000–£30,000 + car + a generous performance-related bonus + usual banking fringe benefits. Applications in strict confidence, under reference IMB4344/FT to the Managing Director: C.J.A.

Scope to move into either the senior role in the treasury function or a similar senior position in the corporate finance function in the U.K. or overseas within 18-24 months – share purchase option scheme after 3 years.

ALPS DEPUTY GROUP TREASURER

LONDON S.W.1 **£16,000-£22,000**

MAJOR INTERNATIONAL MANUFACTURING GROUP T/O IN EXCESS OF £3 BILLION

For this new position, we invite applications from candidates, aged 26-35, who have acquired at least 3 years practical treasury experience utilising modern treasury procedures in a public company and who are likely to have negotiated loans and credit facilities with Banks. Responsibilities will cover, working with a small team, the preparation of monthly borrowing reports for the Board, negotiating through bankers ensuring the most cost effective borrowing, preparation of forecasts, monthly cash flow and ad. hoc. investigations. A small amount of U.K. travel will be necessary and also overseas travel after the first year. The ability to continually improve methods of cost and financing, tightening cash flow reporting and producing meaningful interpretative reports are key to the success of this appointment. Initial salary negotiable, £16,000–£22,000, contributory pension, life assurance, free medical health cover, assistance with removal expenses if necessary. Applications in strict confidence under reference DGT090/FT, to the Managing Director: A.L.P.S.

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-638 9216

FOR COMPANIES REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE: 01-628 7539

Young Accounting/ Finance Flair

A chance to really go places in Regional Business Management

c.£14,000 + car + excellent benefits

Volvo's success in the competitive automotive industry continues unabated – with a record market share in March and sales in excess of £300 million we feel we have a reputation to be proud of. Much of this success is due to the efficient financial monitoring of our regional dealer networks.

We now have some key vacancies, *throughout the UK, for young, ambitious professionals.* As a Business Manager you will analyse local dealer finances and, furthermore, troubleshoot, solve problems and provide an effective service – financial consultancy comes pretty close to describing your role.

It's all about building long term relationships with the dealers – they after all represent our future. Diplomacy, tact, sensitivity and credibility must therefore figure highly in your personality profile.

In essence, it's an opportunity to manage your own autonomous business region and make your presence felt in a progressive, highly marketing-oriented environment.

Aged 25-32, you'll be of graduate calibre with a strong financial background, probably backed by an ACA/ACMA training/qualification. Your current role could be one of many – we are more interested in your flair, charisma and the ability to assume major responsibility in a broad business role.

In return, we offer a highly progressive benefits package including 28 days holiday, BUPA, non-contributory pension, sickness and accident schemes.

The future? You'll be in a high visibility role within a company firmly committed to personal career development – your success will definitely be noticed and rewarded.

As a first step, please forward a full CV to Sally Cockbaine, Manpower Development Manager, or for more information call me on (0494) 33444.
Volvo Concessionnaires Ltd.,
Lancaster Road, High Wycombe,
Bucks. HP12 3QE.

MARKETING EXCELLENCE

VOLVO

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

A key appointment with excellent prospects to progress to a more senior lending role in 24-36 months

CJA ASSISTANT MANAGER CREDIT – FRENCH SPEAKING

LONDON **£21,000 – £25,000 + MORTGAGE**

MAJOR INTERNATIONAL BANK – ASSETS IN EXCESS OF US $ 50 BILLION

This vacancy calls for candidates, fluent in French, aged 28-34, who have acquired a minimum of 3 years practical lending experience and are totally conversant with international financial markets and will have gained at least one year's experience in a supervisory role. This is an area headquarter based position, although there will be close liaison with Field Managers. Responsibilities will cover the preparation and submission of detailed financial analysis and review of credit applications of corporate, banks and sovereign borrowers in Continental Europe, particularly in France, Belgium, Switzerland and the Iberian Peninsula. The successful candidate should have strong analytical/risk assessment, organisational and problem solving skills. Initial salary negotiable, £21,000-£25,000 plus low cost mortgage, non-contributory pension, life assurance and relocation expenses if necessary. *Applications in strict confidence under* reference AMCF4345/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.
TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-638 9216.

FOR COMPANIES REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7539

CHIEF EXECUTIVE FINANCE COMPANY

Highly experienced British instalment credit/finance company Managing Director seeks new position and challenge as Executive Chairman/Director of "start-up" or existing business, manufacturer or consortium owned. Enquiries to:

Box A8992, Financial Times
10 Cannon Street, London EC4P 4BY

CHAIRMAN'S ASSISTANT £18,000-£20,000 negotiable

Business orientated executive assistant required for Chairman of major *British owned* public group located in London. *New acquisitions* are his main concern and his assistant needs a well disciplined and analytical approach to all aspects of the business. A legal/accounting knowledge would be appreciated to enable the assistant to participate fully in the financial research. The ideal candidate will be 35+, have received a formal education to degree level and possess the ability to handle the routine running of the Chairman's office *including all correspondence* and extensive involvement with board meetings.

An excellent salary package is offered including adjacent flat and car. Call Anne Richards on 01-377 8600 in the City or Kit Turner on 01-439 7001 in the West End.

Secretaries Plus — Executive Consultants

BANKING CONSULTANT £14,000 + package

You have a thorough understanding of the banking world and ideally either recruiting or marketing expertise. You are 25 or over and would *like a challenging but rewarding job in a friendly professional environ*ment where you can utilise your banking knowledge in a positive way.

To join our small established consultancy call Debby Mayhew of *LJC Banking Appointments* on 01-377 8600.

THE LJC GROUP — FOR SPECIALIST RECRUITMENT

UNIVERSITY OF LONDON
THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
LECTURESHIP IN ACTUARIAL AND *INSURANCE STUDIES*
FULL OR PART-TIME POST

Applications are invited for appointment from 1 October 1985, or a convenient date thereafter, to a lectureship in Actuarial and Insurance *Studies in the Department of Statistical* and Mathematical Sciences. Preference will be given to qualified actuaries, but students well advanced in their examinations will be eligible.

It is hoped to fill a full-time post, but candidates able to accept only a part-time appointment will be considered. There will be a possibility of converting a part-time to a full-time post at a later age.

The post may appeal in particular to older actuaries who wish to teach for a few years (although this would not normally be possible after the age of 65).

Appointment will be on the salary scale for lecturers rising to £14,925 a year plus £1,233 a year London Allowance. The starting salary will be assessed flexibly and consideration will be given to qualifications, age and experience. Some consultancy work will be possible subject to School approval.

Application forms and further particulars are available, on receipt of a stamped, addressed envelope, from the Administrative Officer, HS10, The London School of Economics, Houghton Street, London WC2A 2AE.

Closing date for applications: 14 June 1985.

STERLING DEALER

City Neg to £16,500

National Girobank, one of Britain's major financial institutions, is seeking to appoint a Sterling Dealer for it's Treasury function.

The candidate, ideally aged 25-30, will be of graduate calibre and must have previous experience within a dealing environment. Reporting to the Chief Dealer he/she will be working in a small dealing team responsible for the bank's day to day liquidity mangement and function requirements. The position offers an ideal career development opportunity for a young professional within an *expanding and technically challenging* environment. The successful candidate will be expected to make a significant contribution to the development of National Girobank's Treasury-based activities.

The starting salary will be within the range of £13,000-£16,500 (inclusive of London Weighting) depending on experience. *Benefits include a minimum* of 5 weeks holiday and a contributory index linked pension scheme.

Please reply in writing with details of *qualifications and experience to:*
Paul Wildes, Management Recruitment,
National Girobank, Bridle Road, Bootle,
Merseyside GIR 0AA.

NATIONAL Girobank

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FACT: There are more executives seeking top jobs than there are jobs available.

PROBLEM: How to secure a new position easily and confidentially.

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For a mutually exploratory meeting telephone:

BIRMINGHAM	021-632 5648	The Rotunda, New Street.
MANCHESTER	061-236 8409	Faulkner House, Faulkner Street.
BRISTOL	0272 277315	30 Baldwin Street.
EDINBURGH	031-226 5680	47a George Street.
LEEDS	0532-450243	12 St. Paul's Street.

LONDON 01-930 5041/7 **InterExec**
19 Charing Cross Road, WC2.

The one who stands out.

UCM INTERNATIONAL LIMITED

Expanding, profitable, Trade Finance House seeks a Manager to take responsibility for selected markets: Reporting to the Marketing Director the successful candidate will be:

1 Around 30 years of age, with ability in one/two European *languages*, preferably including Spanish, and with a willingness to travel.

2 Experienced in credit analysis, credit control procedures, and international trading documentation.

A competitive remuneration package will be offered. Applications in writing with a comprehensive C.V. should be made to:

R. W. Sayer,
Director,
UCM International Ltd,
UCM House,
3/5 Swallow Place,
Princes Street,
London W1A 1SB

CIL

INVESTMENT MANAGEMENT

£20,000

CAVIAPEN INVESTMENTS

which manages the assets of a major UK pension fund, is seeking an additional manager for part of its UK equity portfolio.

The successful candidate, male or female, is likely to be between 25 and 30, a graduate and/or professionally qualified and to have had several years' experience with a pension fund, merchant bank or other investing institution.

This will be a challenging and exciting opportunity for someone ready to assume considerable responsibility within a small and flexible team.

The salary envisaged is of the order of £20,000 per annum plus benefits. Please write to Neil Moore, Managing Director, Caviapen Investments Limited, 60/61 Trafalgar Square, London WC2N 5DS, enclosing curriculum vitae.

EUROPEAN MARKETING EXECUTIVE

Major *U.S.* State seeks business professional to head up trade promotional activities in Europe. As part of a small group based in London this post requires a sound experience or marketing background with a *proven trade record in the development of agency/* distribution/importer networks in the major market areas of continental Europe and the U.K. This role will be highly promotion-orientated with a strong emphasis on the need to develop Product Awareness Programmes across a wide range of industrial and *consumer sectors.*

Candidates should hold graduate or post-graduate degrees in an appropriate business or related discipline. Since the work will involve extensive travel throughout Europe, a second or third language (i.e. German, French or Italian) would be essential.

SALARY RANGE: £20,000 - £25,000

Application together with full professional and personal details and the names of at least three referees to:

DIRECTOR - EUROPE
NEW YORK STATE DEPARTMENT OF COMMERCE
PANTON HOUSE
25 HAYMARKET, LONDON SW1Y 4EN

Leading German Bank

requires a

Candidates should have had at least five years' settlements experience and be in the age bracket of 24-30 years

We can offer a competitive salary and benefit package

Please write in confidence to the Manager — Operations

Box A8991, Financial Times, 10 Cannon Street, London EC4P 4BY

Appointments Wanted

MARKET MAKER

with considerable experience in UK Equities, at present specialising in the Japanese and Pacific Basin Markets. Seeks challenging [illegible] with good career potential. [illegible] aged 33, location not a governing factor.

Write Box A8988, Financial Times, 10 Cannon Street, London, EC4P 4BY

هكذا من الأصل

Accountancy Appointments

Financial Management Consultancy in Retail

Age 28-35 **Salary to £25,000 + car**

We are looking for well qualified and experienced accountants to join our expanding consultancy practice in the retail sector. Successful candidates will be able to demonstrate rapid career progression in well run retail organisations. They will have undertaken systems development and project evaluation work, and will have held senior management positions within the finance function.

Personal qualities will include the ability to communicate clearly both orally and in writing. Applicants will hold both an honours degree and a professional accounting qualification.

As one of the country's leading consultancies we offer outstanding opportunities to broaden your experience in the retail industry and to work with stimulating colleagues from a variety of disciplines. There are excellent opportunities for promotion within Peat Marwick for those who wish to make a career in consultancy.

If you are interested in joining us, please write in confidence, enclosing a brief summary of your qualifications and experience, and quoting reference RA/MAY5, to John Jordan at Peat, Marwick, Mitchell & Co., 1 Puddle Dock, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Finance Director
Framlington Group plc

Financial Services

City

c £35,000 + Car

Framlington Group plc is a rapidly growing fund management group which includes a unit trust management company with about £280 *million under management, a life insurance* company, an offshore fund management company and a computer software company. The group is a public company listed on the Stock Exchange with a market capitalisation of £14 million.

The group now seeks a successor to the Financial Director who retires at the end of the year. The position will have responsibility for all the accounting, administrative and company secretarial functions within the group, and carries with it appointment to the main board. The FD will *be expected to evaluate all* new financial propositions and to provide creative advice on the Group's future strategy.

The ideal candidate will be a chartered accountant in his or her mid 30's. He or she will be a graduate with a good honours degree, should *have experience of working in a financial services* company, and will preferably have some knowledge of unit trust management and/or life *insurance companies. Personal qualities of* integrity, flexibility and commitment are required, as is the ability to motivate and get on well with a *small team of people.*

Please reply in strictest confidence, giving concise career, personal and salary details, quoting Ref: ER780 to Peg Eva, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Financial Controller

North London **to £18,000 + car**

Our client is a highly profitable, £25m subsidiary of a £multi-million turnover blue-chip electronics group.

Internal re-organisation and the continued upgrading of operational systems have created an exceptional opportunity at one of the company's twin manufacturing sites.

This key financial role entails active involvement in the planning of systems development and substantial top-level liaison with technical, marketing and production management. Reporting to the Financial Director, the position will take overall responsibility for financial control at the North London location.

Aged 28-34, you will be a qualified accountant with previous exposure to a manufacturing/industrial environment. Positive, efficient and very commercially-minded, you should have the potential and ambition to reach senior management status with the group.

An attractive salary package including a fully expensed company car and other benefits will be offered.

Applicants should write to Philip Cartwright ACMA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref. 248, at 31 Southampton Row, London WC1B 5HY.

MP

Michael Page Partnership

International Recruitment Consultants

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Accounting for Growth

London

This UK subsidiary of a U.S. oil company has doubled in size over the last two years. Its revenue is generated through highly successful North Sea Partnerships. The company is poised for further growth and is in the process of expanding its accounting function.

Qualified Accountant c £20,000

You will be responsible for the provision of accurate and timely management information to both UK and US managers. This will necessitate the maintenance and development of DP systems and the motivation of two subordinates. Aged 25-30, you are qualified and *already* have a demonstrable record of achievement in a large company or organisation.

Junior Accountant c £13,000

The job carries responsibility for the integrity and efficiency of the company's payables processing and overhead accounting systems, and assisting with a wide range of ad hoc projects. This is an ideal second job for a graduate trainee accountant seeking the challenge and teamwork of an expanding company. In *your early 20s, you should already have* experience in the accounting function of a developed organisation, using computer based systems.

This successful company sets high standards; intelligence, determination and initiative are essential qualities. You will need strong communications skills, flexibility and ambition to develop your own career in conjunction with the company's growth. Knowledge of the oil industry gained directly or through audit would be an advantage, but is not essential. A full range of attractive benefits are *offered including a non-contributory pension scheme and subsidised BUPA.*

Please reply in confidence giving concise career, personal and salary details and quoting Ref. ER782/FT to Heather Male, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

QUALIFIED ACCOUNTANTS

An expanding international financial institution *with a global network of branches, requires for its* human resources management function, newly qualified chartered or certified accountants, preferably *possessing Institute of Taxation qualification* and with an aptitude for the development of international remuneration packages with special emphasis on international personal tax planning.

Essential requirements would be fluency in English, communication skills, understanding of *basic framework of personal income tax, ability* and/or prior experience in maintenance of computerised personal tax record systems and flexibility to work in a team situation.

The remuneration will be fully competitive and the position is London based.

Interested candidates may apply latest by May 30 1985, *in writing*, with detailed C.V. including age and with two recent passport sized photographs, to:-

Mr. Sajid Hussain,
Human Resources Division,
Bank of Credit and Commerce International,
Société Anonyme Licensed Deposit Taker,
100 Leadenhall Street, London EC3A 3AD.

YOUNG QUALIFIED ACCOUNTANT

around £20,000

The International Accounting Standards Committee (IASC) is looking for a qualified accountant to work as Assistant Secretary to the Board.

The post provides a challenging opportunity to contribute to the research, development and promotion of International Accounting Standards. It involves:

- servicing the Board of IASC, which comprises senior accountants from thirteen countries;
- assisting the steering committees which develop International Accounting Standards for the Board; and
- liaising with international organisations of users and preparers of financial statements.

The successful candidate will have good intellectual ability and skill in communications as well as a strong interest in accounting topics of international importance.

The post is based in London and involves some international travel. It offers excellent possibilities for career development in the accounting profession or in other international organisations.

Please write enclosing your full career details to David Cairns, Secretary-General, IASC, 41 Kingsway, London WC2B 6YU. Tel: 01-240 8781.

International Accounting Standards Committee

FINANCIAL CO-ORDINATOR

c. £25,000 + benefits

For a rapidly expanding property development company with substantial projects in Central London and the Home Counties. Capital value of existing developments exceeds £200 million.

The principle duties of this appointment will be to co-ordinate the administration, financing and documentation of new projects, many of which are carried out in partnership, and will also include the control of existing project expenditure and budgets. Applicants should preferably be qualified accountants, probably in their thirties, with several years experience in a similar organisation. A comprehensive working knowledge of property, accountancy and statutory procedures is essential.

Please write in confidence with full career details to Box A8994 Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL CONTROLLER

Linen Hire **c. £17,500 + car + bonus**

W. London ***Age 28-35***

This appointment will strengthen the Senior Management team of a *well-established family* company. As market leader, the company's success has been built on a high level of service but it also offers *the added stimulus of a* production environment.

Reporting to the Managing Director, the initial challenge will be to improve the company's internal financial systems.

A shirt-sleeves approach and a desire to contribute significantly are needed as part of the small team expanding the business.

The ideal candidate should be qualified and he/she should have relevant *commercial experience*, including all aspects of management accounting and financial planning.

Applications in writing with full C.V. to:

Mr. K. Ward
LONDON LINEN SUPPLY LTD.
35/37 Brunel Road
East Acton
London W3 7UL

Financial Controller /Admin. Manager
Port Harcourt, Nigeria

One of the largest bulk cement distributors in Nigeria, based at Port Harcourt, is currently seeking applications from experienced, fully qualified professional Accountants for the above mentioned appointment.

Operating as a joint venture with an internationally known cement manufacturer, the Company's Senior management is European. Reporting to the Managing Director, the successful candidate will *be responsible for development and implementation of accounting and financial functions to include* budgeting, cash control systems and reports. Experience at senior level within a large commercial or industrial concern, preferably overseas, is essential.

Attractive benefits included in a one year renewable contract are free, fully furnished married accommodation, education allowance, car+driver, annual UK leave and medical insurance. The salary offered will not prove an obstacle in securing the most suitable candidate.

For further details reply in strict confidence to Stephen Birch.

Grove Personnel

46 Southbourne Grove, Bournemouth, BH6 3RB, England.
Telephone: (0202) 431711. Telex: (Grovep G) 418466.

MANAGER/SENIOR MANAGER

London **£17,000 – £22,000 + Car**

Our Client, a Big 8 firm of Chartered Accountants, seeks a number of high-calibre Chartered Accountants aged 26-32, who have the background and personality to progress to partnership within three years.

Their initial assignment would be within the Technical Department, which provides an in-house advisory service to Partners, Managers and Clients. The department is an accepted route for early progression to partnership.

Candidates should have a good educational background, an interest in technical matters and an ability to communicate well at all levels.

Please reply in confidence with brief career details or telephone D.E. SHRIBMAN for an informal discussion.

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Mr Reagan in Europe

PRESIDENT REAGAN'S decision to address tha European Parliament on the 40th anniversary of the allied victory in Europe was a felicitous symbolic gesture. It enabled the U.S. President to reaffirm in the most unambiguous terms his nation's commitment to a partnership with Europe and the ideal of European unity, which one of his predecessors, President John Kennedy, had made into a fundamental plank of U.S. foreign policy.

His statement was all the more welcome at a time when many European governments were beginning seriously to doubt the U.S. Administration's attachment to Europe. The greater emphasis which the U.S. has progressively put on its relations with Japan, China and South-east Asia has fostered the belief, often confirmed by officials in Washington, that U.S. preoccupations were turning from the Atlantic to the Pacific.

That impression bas not necessarily been invalidated by President Reagen's statement in Strasbourg. What the President has done, bowever, is to heve made clear that the two strands of U.S. foreign policy are not mutually exclusive. To have underlined Washington's European commitment on such an occasion and in front of a directly elected assembly of ten European nations has given Mr Reagan's words more weight than they might otherwise have bad.

Irritation

The U.S.-Europe relationship needs constant attention if it is to thrive. It is subject to frequent misunderstandings end strains, particularly when one side — usually Europe — thinks its views ere not taken into account sufficiently by the other.

Some of these strains were beginning to make themselves felt at last week's summit of the main Western industrialised nations in Bonn, though they were expressed openly by only one country—France. It would be a mistake for the U.S. to ignore the tell-tale signs of irritation with what is perceived by M Mitterrand, at least, as an attempt by Washington to make others toe the line regardless of any reservations they might bave. Expressed by someone who bas always proclaimed himself to be a faithful friend of the U.S. and who has deliberately eschewed the instinctive anti-American bias of his predecessors, such views should be taken seriously.

The one issua which bas caused the greatest U.S.-European malaise over the past few months—President Reagan's Strategic Defence Initiative — was thoroughly aired in the Strasbourg speech. Yet the speech hardly touched upon the fundamental questions raised by tha critics of SDI.

New element

Most of Mr Reagan's energies were devoted to trying to persuade his European audience that the U.S. was genuine in wanting to reach equitable and verifiable nuclear arms control agreements and that it did not seek nuclear superiority over the Soviet Union. The well-known arguments in favour of SDI—that it is preferable to a continuation of the race to build offensive nuclear missiles — were rehearsed once again, almost as if nothing had been said on the subject since their first presentation.

The only new element thrown into the arms control pot was the well-heralded revelation that the Soviet Union was developing a new mobile intercontinental missile, the SS-X-24, with an apparent "first strike" ability. This new weapon, which would fundamentally npset the military balance between the two super-powers, according to the President's advisers, was wheeled in by Mr Reagan as yet another argument in favour of a space-based defensive system.

The President's critics, who maintain that SDI would lead merely to a further escalation in the nuclear arms race, take a very different view. The development of an even more sophisticated offensive missile provides an even stronger motive for reaching a quick agreement on the control of such wespons, even if that means abandoning the whole Star Wars projact.

It is a pity that Mr Reagan did not deal with some of the long-term strategic implications of SDI, as expounded by Sir Geoffrey Howe, the British Foreign Secretary, and Herr Hans-Dietrich Genscher, his West German opposite number. The U.S. President'a declaration of global support for Europe is welcoma but be needs to give more serious attention to some of the opinions expressed by his allies.

The high costs of protection

"IN MOST public discussions of protection," lamented the General Agreement on Tariffs and Trade (Gatt) recently, "the rigbt questions are seldom asked." Today's House of Commons debate on the future of the Multi Fibre Arrangement (MFA) is unlikely to be an exception. Most of the debate is likely to focus on whether the UK textile industry still needs the degree of protection against imports from developing countries afforded by the MFA. It is possible that some general arguments against protection may be touched upon hut these are unlikely to get beyond questions of reciprocity and retaliation.

Yet the most important arguments against protection do not depend on hilateral or multilateral considerations. The important question is not so much what concessions other countries will grant us if we relax our trade barriers nor even how they will retaliate if wa do not. It is rather how much damage the selective protection of some industries does to the rest of the British economy. The principal question which probably will not be addressed in today's Commons dahete is: wbo pays for protective schemes such as the MFA? Subsidies inevitahly cost somebody money: who has been bailing ont the textile industry for the past 23 years?

Consequences

Tha blunt and disqnieting answer of the rade Policy Research Centre (in a report published today) is that British *exporters shoulder most of* the burden of protection in tha long run. How can this be? Most people if pushed to provide an explanetion might reason along the following lines. Protection—whether in the shape of import tariffs or quotas—may help tha domestic companies concernad hut must damage the sales and earnings of foreign exporters. Over time, other countries are bound to retaliate. World trade shrinks or grows less fast and the markets of UK exporters contract with disastrous consequensec for their profit and sales.

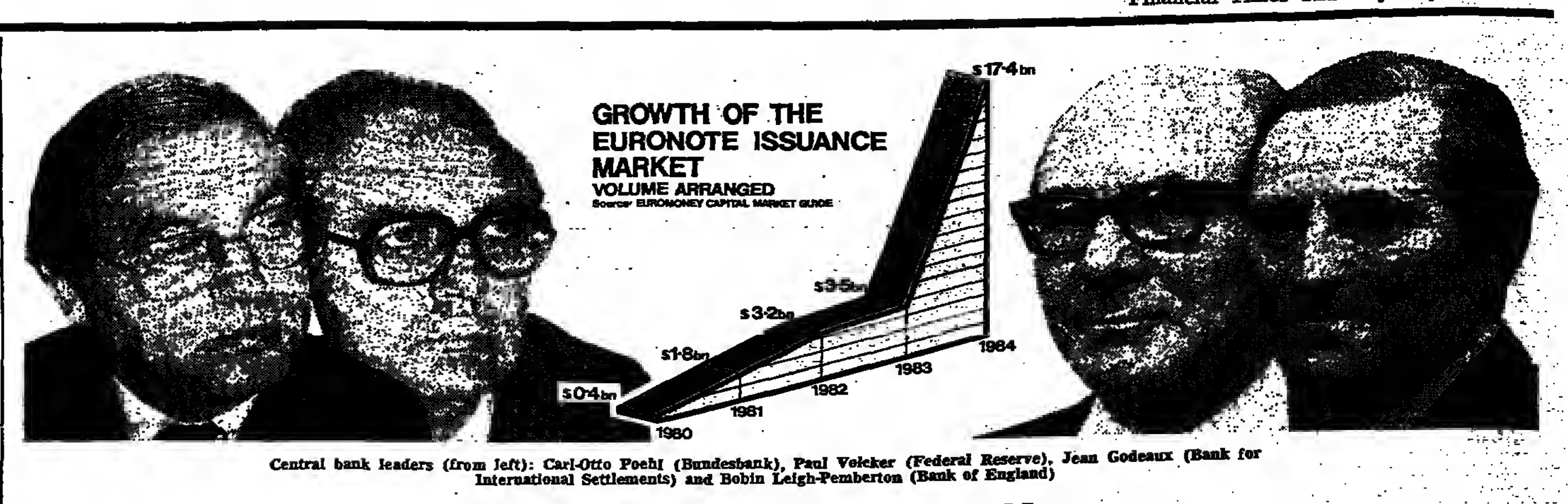
This reasoning is valid so far as it goes. But there is a much more direct link between protection *and the declining* fortunes of UK exporters. It is well known that the real burden of a tax does not necessarilyl fall on the agent wbo writes out the cheque. Tariffs are a tax paid by importers in the sense that they write out the cheques. But this formality has little bearing on their ultimate incidence

The burden of import duties depends on the ehility of different sectors to pass on costs. Importers can usually pass on mostof the burden of tariffa in higher costs for consumers. Import - competing industries, whose weakness necessitated protection in the first plece, often act as little hindrance since they too are keen to see higher prices and profits. Goods produced domestically for home consumption are often close suhstitutes for imported goods and so their prices also rise. A general rise in domestic prices feeds through into wages.

Challenge

Exporters face higher wage costs and higher prices for many of their other inputs. But because they generally face prices set on world markets they are uniqualy unable to pass on the cost increases. The protection tax, arguea the Trade Policy Research Centre, thus ultimately comes home to roost with exporters. A 30 per cent average tariff on imports, may, on reasonable assumptions, end up baving the same effect as an export tax of 15 per cent and an import tax of only 10 per cent. How many supporters of protection realise the Government could achieve identical economic effects by imposing a direct tax on exporters and a mucb lighter tax on importers?

The allure of protection is that the short-term benefits for the favoured industries are bighly visible and easily understood while the longer-term price paid by consumers and, even more importantly, exporters is invisihle and misunderstood. The challenge for the *Government is to force* an answer to the question—who pays for protection? Tha future of the MFA is not a matter that concerns textile and clothing manufacturers only. Britain's exporting industries should make thair voices heard.



Central bank leaders (from left): Carl-Otto Poehl (Bundesbank), Paul Volcker (Federal Reserve), Jean Godeaux (Bank for International Settlements) and Robin Leigh-Pemberton (Bank of England)

THE EURONOTE EXPLOSION

Why the central banks are worried

By Peter Montagnon, Euromarkets Correspondent

THE RAPID pace of change in the internetional capital markts is causing new beadaches for central banks and other Government sgencies responsible for maintaining the bealth of the internetional financial system.

The central banks are most worried about the nw way in *which business is being handled* in the international capital markets. Nowadays commercial hanks concentrate *less* and less on actuelly making loans. Insteed, they are using their resources to generat fee income, for example by underpinning the sale by their customers of debt securities or Euronotes direct to end-investors or by arranging mutually advantageous excbanges of debt —or swaps—between one or more separate borrowers.

But what happens if a generalised financial crisis suddenly leaves banks in the position of heving to fulfil all their underwriting obligations on euronotes at once? Or if one of the parties to a swap deal goes bust? In either case the bank which stands in the middle of these transactions could find itself facing losses. It might have to lend to a borrower *which was not longer* creditworthy, or it might find itself partially liahle for the interest payments on a swap deal left uncovered by the borrower who has defaulted.

In the past few weeks it has become clear thet the *new forms* of debt now being marketed by banks are coming under concerted and official international scrutiny. Not only has tha Bank of England openly voiced its concern; other authorities including the Federal Reserve, West Germany'a Bundesbank and Japan's Ministry of Finance have also warned about the new risks that banks may be running.

A *first international salvo* came last December when M Jean Godeaux, newly elected president of the Bank for International Settlements in Basle, said he expected the main industrial countries to draw np new guidelines on capital requirements for banks engaging in "off-balance sbeet" business. This murky area has been under discussion in the specialised Cooke Committee of the BIS since last year.

The new-style banking bas *led to an explosion of business* in the note issuance market where banks underwrite the continuous sale by their clients of short-tarm securities or euronotes to investors, thereby providing a guarantee to the borrower that funds will be available over the medium term. Total note facilities outstanding are now generally estimated at some $40bn, with most having heen arranged since the start of 1984. Business is also hooming in the debt exchange or "swap" market. Salomon Brothers, the U.S. investment bank, reckons that $80bn worth of swaps were arranged world wide last year.

Borrowers in the note issuance *market have included such* blue chip corporations as Imperial Chemical Industries, whicb raised $400m in a deal led by Citicorp, and Unilever, which recently launched a $500m deal through Bankers Trust and Bank of America. But countries have tapped the market too, the most outstanding example being Sweden which last year arranged a $4bn facility

Lucrative as this business may be, no one knows for sure exactly how mnch is being done and who is doing it. Swaps and commitments under note issuance facilities do not appear in hank balance sheets. Sharebolders and depositors have no means of telling what new risks a bank is running. That is where the central bank comes in: they are now trying to evaluate the risks with a view to ensuring that each hank is protected against losses with an adequate amount of capital.

Since last month, this whole process has received a major new impetus from the Bank of England, which will condoct a *full-scale review of the* off-balance sheet risks being run by banks and deposit takers under its supervisory control. The announcement of the review was accompanied by e sternly worded warning that hanks bad been "taking on such obligations on terms, which in the Bank'a view do not properly reflect tha risks involved."

Other eentral banks have followed this up. The Japanese authorities bave quietly told their banks that they are look*ing at new ways of measuring* capital adequacy. Their plans include a proposal for euronote underwriting obligations to be treated as if they bad 30 per cent of the value of straightforward loans.

Later the Bundesbank warned in its annual report on the risks of euronote husiness which might, it said, lead to banks being forced to provide funds to borrowers just when no one else would lend. And new capital guidelines published by tha Federal Reserve in late April referred specifically to off-balance sheet business.

So far the Bank of England has heen the only central hank to issue any form of actual regulation on the new markets. As a temporary measure it has told British banks that their underwriting obligations under Euronote facilities must be covered with half the amount of capital normally required to meet a straightforward loan advance.

Other central banks have been much slower to move, not *least because, as one Japanese* official explained, they lack the information needed to devise any thorough system of regulation.

And for the Federal Reserve there is an extra problem. By *seeking to impose capital* requirements on off-balance sheet business it would risk upsetting tha large volume of business already contracted hy U.S. banks in tha form of standby letters of credit issued to their customers to hack up borrowings in the $250bn U.S. commercial paper market. These credits are currently free of capital requirements and e major source of incoma for U.S. money centre banks. Citicorp, for example, had nearly $20bn in such business on its books at the end of last year from which, some analysts estimate, it might beve aarned as much as $100m in fees.

A clampdown might either force larga U.S. banks to raise extra capital in today's difficult markets or to cut the volume of standby business they are dning. Either way, there is a risk that profits would *fall*, and that would not necessarily engender confidence in a banking system still labouring under a series of domestic and international shocks.

Setting the right balance between safety and severity is thus an acutely difficult task for the world's central hanks. In the swap market this is even more the case than with standby underwriting commitments.

The *danger is that* somewhere down the line a borrower involved in a swap transaction will default. Then the bank in the middle which arranged the deal could be left trying to pick up the pieces. In the process it is slowly becoming clear that these banks are running interest rate and exchange risks as well as credit risks. And those risks are growing with the practice of soma banks of "warehousing" swappable debt so that they can satisfy their customers demands immediately.

"The investment banks are suddenly realising that they have now got a credit risk which they *never had before*," says Mr Geoffrey Bell, a New York banking consultant. Lika many of his colleagues, Mr Bell believes that the authoritiea will eventually act to impose capital requirements on off-balance sheet business.

But the question is how to act and when. Even when central banks around the world have completed the fact-gathering stage of their inquiry they will still have to decida on an approach uniform enough to ensure that all participants are treated fairly. That is no easy task when each national authority starts out with a different set of powers *and a different set of existing* regulations. But if one fails to act, banks undar its supervisory control may gain an unfair edvantage, and whatever is done, all the central banks will want to ensure that they are not *simply driving* off-balance aheet business into an obscure unregulated Caribbean baven.

Moreover, the new style of business has drawn in new players who are not currently regulated as banks. Merrill Lynch, for example, is active in both the euronote and swap *market and is subject to* regulation h ythe U.S. Securities and Exchange Commission. With a capital of $2bn it is clearly strong enough to take on substanial risks. But should such investment houses escape regulations that force up the operating costs of banks with which they compete?

Considerations like this mean that central banks are likely to move cautiously with the actual imposition of new capital requirements. But the marketplace itself has already begun to adapt to expectations that some form of regulation will eventually be imposed. Fees on note issuance facilities have come under perceptible upward pressure since the Bank of England circular in early April. Some new deals, including a $400m facility for Indonesia and a borrowing of a similar amount for Electricite de France are to have clauses written into their contracts allowing participants to recovar from the borrower any extra costs they incur as a result of regulatory changes.

Soma bankers argue that this will have a salutary effect on a market where competition bad driven faes down to untenable levels anyway. At the very least, lesser-rated names will have to pay more for their money and that has to be a good thing in a market where fees had becoem ao low that it was no longer possible to distinguish except in hundredths of a percentage point between individual categories of credit risk.

As for the central banks, their intention it seems is not necessarily to spoil the fun but to make sure that the new style marketplace is safe for everybody. In that respect they have *to follow the market*, even if they can never manage to pre-empt each innovation with a regulation that makes it safe.

Even being a follower in an age of rapid change has its difficulties, however. The central banks are learning that in today's marketplace, they have to run very hard just to stay a little way behind.

HOW A SWAP WORKS

IN A typical swap deal a borrower who has raised fixed rate money swaps his debt with another borrower who has raised floating rate funds. Sometimes the currency of the two borrowings is different, and sometimes several parties come together in an intricate arrangement designed to give everyone the lowest possible rates in the currency each has chosen with interest fixed or floating, depending on the needs of each borrower.

Swaps work hecause individual sectors of the capital market do not always view a borrower in the same light. For example, the World Bank has borrowed so many Swiss Francs over the years that it is forced to pay a premium in the Swiss market where investors are saturated with World Bank paper. But Swiss investors also like to hold the debt of U.S. corporations, particularly if they are household names, regardless of the financial ratings accorded to them in their home country. It thus pays the World Bank to borrow in the dollar market where its rating is high and swap the debt with that raised by a corporation in Switzerland. The World Bank ends up paying less for its francs and the corporation less for its dollars than if they had tapped these markets directly.

So developed has this market become that some borrowers now swap their debt on a weekly or even daily basis to reduce their overall cost of borrowing. A secondary market has developed on which deals are contracted instantaneously down the telephone. But all this has happened very suddenly. "You see adverts in the press looking for swap experts and asking for six months' experience," Mr David Pritchard, a director of Citicorp International Bank, told a recent seminar organised by the banking magazine Euromoney.

Men and Matters

Hogg makes news at Reuters

After a year as a director of Reuters, Sir Christopher Hogg, aged 48, chairman of Courtaulds, has been appointed chairman of the news and information agency.

Hogg replaces Sir Denis Hamilton, former Sunday Times and Times man, who is retiring on July 1.

Hogg is taking up the part-time, non-executive post for a two-year term and will continue to give tha bulk of his time to Courtaulds.

With the old Reuters image as a purveyor of bard news from the trouble-spots and political capitals of the world largely replaced by that of an international vendor of electronic financial information, tha company has almost completely changed its character within the space of a few years.

Hogg says, "In the financial world we are marketing aggressively in an interesting, exciting, and dynamic area. We have entered this world market with a vengeance providing the sort of services international business now requirea."

Within the last few days Reuters bas been in talks with UPI, the trouhled U.S. news agency, suggesting that Reuters might be a bidder for that company. Last night Hogg did not wish to comment on those negotiations.

His own qualifications as an international newshound are slight, but he is widely regarded as one of Britain'a ablest internetional managers. He combines a thoughtful approach to business prohlems (be had two years at the Harvard Business School and remains keenly interested in what management academics have to say) with an extremely keen awareness of the market-place. He worked in merchant banking in his early business career and should have a good appreciation of what Reuters' customers want.

His style looks like being more in tune with the new Reuters, than that of the old newsman with his hundle of cleft aticks.

"We only deliver, two other hlokes will connect it, and five will coma round to explain the advantages of privetisation"

Butler's prize

A small piece of history was made in Brussels yesterday while the rest of Europe was celebrating the more momentous event of 40 years ago. At 9.30 am, the 10 Governments of the European Community unanimously agreed to raise the so-called VAT limit on the EEC's hudget income from one per cent to 1.4 per cent.

Final confirmation was given hy the Ten's permanent representatives in Brussels—aod Mrs Thatcher will think it appropriate that the British signature to the deed should he thet of Sir Michael Butler.

For it was he who largely scripted the protracted drama which has resulted not only in the VAT agreement hut a linked arrangement for a multi-year, guaranteed reduction in *Britain's contributions* to the EEC budget.

Butler, who is expected to retire in the autumn, began master-minding the British battle fora fair budget deal 11 years ago as an assistant secretary.

The hattle turned into e crusade in 1979 with the arrival of Mrs Thatcber wbo despatched Butler to Brussels with instructions to win the agreement which he believed would "reconcile the Britisb people to EEC membership."

In tha five year atruggle since, Butler has been seen as the Prime Minister's diplomatic alter ego. He won ber confidence by demonstrating a single-minded determinetion to match her own.

Some thought different tactics might hava brought earlier results—but the two of them have finally ground down the resistance of other Governments.

Every inch the mandarin, Butler is expected to move soon into the private sector. Rumoured once to have been offered the chairmanship of Sotheby's, *nobody would* be surprised if he found some similar opening suitable to the owner of one of the finest collections of Chinese porcelain in Europe.

Print money

Not many investors frame their share certificates or bonds, but if you take advantage of Oxford Area Arts Council's £30 bearer bond, repayable 1996-2001, you are guaranteed a work of art.

To raise the final £30,000 to complete the St Paul's Project — an arts centre created from a disused church in Walton Street, Oxford — tha local Arts Council persueded ertist, Bill Jacklin, to devise a decorative bond.

Jacklin, who is currently exhibiting in New York, came up with an imaginative, if obscure, print of a double Buddha.

Not only bas the Oxford Arts Council committed itself to redeeming at the due time any of the 1,000 bonds being issued. It is also paying 3 per cent interest a year.

But it does not expect many investors to detach the beads of the Buddha from the print to claim their 90p interest a year. The bood should gather more apprecietion merely banging *in a wall if Jacklin* continues his successful career.

Royal visits

Foreign visitors to Britain will spend nearly £3bn in botels, shops, and restaurants this year, estimetes Mintel in e special report on tourism. By 1990 they will be parting with more than £3.5bn a year.

Abont half of them are making their first trip to Britain and nearly 60 per cent of their cash is spent in London —a point Londoners might bear in mind as processions of sight-seeing huses clog tha streets.

But, *as Jolson said*: "You ain't seen nothing yet folks." Mintel expects the Coronation of King Charles III to give British tourism its biggest boost ever, "possibly before the end of the century."

However, the *research body* is nothing if not thorough. It adds a cautious alternative. "If not, then the Golden Jnhilee celebrations of the present Queen will give e similar boost in the year 2003."

Book now to avoid disappointment.

Correct name

My apologies to Tony Barnes, managing director and co-founder of Combined Lease Finance, the equipment leasing company, whose identity was changed by an arror in my note yesterday.

Observer

TEACHERS' SALARIES

The Swiss top the pecking order

Michael Dixon, Education Correspondent, makes a spot check on salaries and conditions in Britain and abroad

ARE TEACHERS paid enough? The belief that they are not spreads well beyond the members of teachers' unions disrupting schools in Britain over the offer of a salary increase of 4 per cent. They are viewed as undervalued by many lay people whose concern is not simply about the profession's falling living standards.

Throughout the developed world what teachers are paid is widely seen as a test of a country's care for its young people's needs and the upkeep of its culture. Hardly anyone would disagree that "only the very best will guarantee the educational purposes at which we aim."

Those words, as it happens, were spoken by Hitler—which raises an important but sometimes forgotten point. The fact that a process is called "education" does not guarantee that its results are beneficial. Nor is it a standard process that is the same in all places at all times. Even where its purposes are uniformly benign its content, method and the working conditions of its staff can vary. So can its effectiveness.

With help from Financial Times colleagues overseas I have made a spot check on teachers' pay and conditions in England and Wales and seven other countries. They are Belgium, France, Italy, Spain, Switzerland West Germany and the U.S.

As a yardstick of the average teacher's place in the national pay leagues I have taken the average salaries of the same countries' company personnel directors shown by the latest survey produced by Executive Compensation Service part of the international Wyatt consultancy group. Like school staff, personnel chiefs are, or at least should be, concerned to develop people. For some countries we have also been able to obtain rough comparisons with the pay of police.

Since in several cases the information available on teachers' conditions is sketchy, only broad comparisons are possible. But there seems no doubt that the country which gives them the highest perch in the pecking order is Switzerland. As well as averaging more than half the typical personnel director's salary, they are paid on average 10 to 15 per cent more than a police corporal.

Each Swiss community centred on a town or village appoints its own lay school commission which largely has responsibility for administering its area's school activities, including the election of teachers. Because of the dispersion of control, there is no central estimate of how many are employed. Working time varies, but school staff are in general required to put in 1,000-plus hours a year.

Of the two countries which give teachers the next highest standing in the pay league, West Germany requires broadly the same hours, but the U.S. expects 20-25 per cent more. Another difference is that the 554,000 staff of German publicly-financed schools are part of the civil service whereas their 2.1m American counterparts are employed on varying conditions in the different states. The checks on their work in the U.S. include formal assessments, but not according to a nationally uniform system. A further difference is that in Germany teachers are paid markedly more than police, but in America on average rather less.

Although teachers in the UK, France and Spain are all typically paid from 30 to 40 per cent of the personnel chief's salary, their positions differ in comparison with the police. French school staff get more, and Spanish markedly more. In the UK, the average salary level is now roughly the same at around £9,200.

The minimum hours required of the 610,000 state-employed teachers in France differ widely according to the kind of school. The 250,000 in Spain's publicly-financed institutions are expected to work 1,000 or rather more hours a year. Just over 1,200 are stipulated for the 440,000 state-maintained school staff in England and Wales although the local education authority employers want the minimum working year extended.

The countries apparently placing the lowest valuations on teachers are Belgium and Italy which respectively employ 226,000 and 800,000 of them as members, in effect, of the civil service. No figures are obtainable for the pay of Belgian police. But it seems likely that their salaries are about in line with those of the school staff, as is the case in Italy.

The reason why these teachers are typically paid no more than about a quarter of the personnel directors' averages is not necessarily because they are weakly represented. The Italian staff's union in particular is very strong. It successfully blocked the regular assessment of its members' work by the country's educational inspectors and although school beads have notional control over staff they appear to bave still less managerial power than their counterparts in the UK.

Much of the explanation for the Belgian and Italian staff's low levels may be that they are regarded to a greater extent as part-timers than their equivalents in the other countries. Since a 9 to 5 worker with six weeks annual holiday puts in more than 1,600 bours, the minimums of 1,300 in the U.S. and 1,200 in the UK, let alone the 1,000-plus elsewhere, do not seem onerous. But only about 900 are evidently expected in Belgium and still less in Italy, although the hours there are spread over 215 days compared with only 190 in the UK.

Whatever the explanations for the differences, there looks to be no doubt about a major factor behind the variances in purchasing power of school staff in lands where minimnm bours of 1,000 and more are required. The factor is the success of the country's economy.

Consequently, if teachers in England and Wales want more pay in terms of purchasing power, they would seem least likely to get it by divorcing schooling and other stages of formal education from the task of equiping young people with the skills and other qualities needed for economic prosperity.

The award of a higher place in the national pay league might be advocated on grounds of some notion of social fairness. Many people with no higher initial academic qualifications or longer training and service in other occupations are mucb better off than teachers. But that principle would imply that people should be paid in accordance with an occupational pecking order headed by loosely defined professions and, in the public service, founded on educational certificates gained before starting work.

Although such a system of determining people's incomes ma ybave merits by way of social tidiness, it would probably be of little appeal to the present UK Government. Mrs Thatcher and her colleagues evidently feel that a greater influence over what people are paid should be whether they can sbow that they bave earned it.

On that count, it is clear that a good many of the staff of this country's schools are good enough at teaching to merit a big increase. The trouble is that their unions, particularly the NUT, oppose selective rises. As things are, a boost up the pecking order for some would have to be a boost for all. The question is, therefore, whether the teachers as a whole deserve it.

The claim that they do is usually made on the ground that increasing proportions of teenagers have been gaining pass grades in the public examinations. But the exam performanees are dubious evidence that standards of education are improving.

The reason lies in the so-called norm-referencing procedures by which the exams are graded. Whether an A, B or so on is awarded is primarily influenced by the assumption that each particular grade will be deserved by a predetermined perceotage of the candidates, which does not change appreciably from year to year regardless of bow many people enter.

The evidence from other kinds of testing of pupils' attainments appears, if anything, to be in conflict with the examination results. For example, studies of numeracy among 15-year-olds recently reported by the National Foundation for Educational Research showed that more than balf of them could not handle simple decimal calculations. Such findings hardly support the case for a pay rise for all teachers.

Even the claim that an increase would motive them to teach better would look to be shakily founded. The time when the arithmetically deficient 15-year-olds were undergoing their crucial early years in school was the period after the big rise awarded by the 1974 Houghton Committee, when teachers were feeling well paid.

HOW PAY RATES VARY

Country	Average salary of company personnel chiefs* £	Teachers' average as percentage of personnel chiefs %
Switzerland	52,661	50-60
U.S.	47,500	40-50
West Germany	33,269	40-50
England and Wales	23,790	30-40
France	29,254	30-40
Spain	24,540	30-40
Belgium	28,129	20-30
Italy	25,147	20-30

* Exchange rates as at market close April 23.

Economic Viewpoint

Don't cut off our noses to spite the Japanese

By Samuel Brittan

THE WESTERN economic summits now seem to cause more iritation than they are worth.

Preparations for the next Gatt round would almost certainly bave gone better if President Mitterrand, with his domestic political worries, had not been brought into the act so early.

The words spoken at the summit may also make lt one degere more difficult to resist pressure for action against Japan from the U.S. Congress or the European business community.

There may be something to be said for anti-Japanese threats in the West if tbey will spur the Japanese authorities to liberalise imports. But there is a danger that Western governments or their legislatures will he earried away by their own rhetoric and take action which will risk a world trade war, and make its perpetrators worse off, without in fact reducing the Japanese surplus.

The argument for sanctions to improve the trade balance with Japan is derived from a nitty-gritty case-by-case view, so beloved of politicians and "practical men," which neglects the inter-relationships of the world economy.

The root cause of the Japanese current account deficit and the U.S. current surplns is that Japan has a savings ratio, which is high relative to domestic investmeot demand, while the U.S. has a low savings ratio.

The result is an inflow of funds from Japan to the U.S., and a dollar which is high and a yen low relative to their respective purchasing powers. Thns the Japanese $35bn current surplus and the U.S.$100bn current deficit are generated as a by-product of capital flows sustained hy different domestic behavious and pollcies.

The world, however, does not consist of just Japan and the U.S. The European countries have felt the backwasb of these developments in the shape of a current deficit with Japan and a current surplus with U.S. (There is also a large statistical discrepancy. National surpluses and deficits sum to about $100bn less than zero, thus making everybody's position appear worse than it is).

Now let us suppose that the British Prime Minister, infuriated by the loss of the Turkish bridge contract, retaliates by imposing new quotas on Japanese acces to Britain.

It is in fact quite likely that some or all of the imports will simply be deflected to other sources, thus leaving the Britisb net import position where it was. It is also likely that the qnotas will raise prices in the UK market and thus increase the profit margin of Japanese firms et the expense of British consumers.

The more realistic case is where several major importing countries—say the U.S., Canada or the EEC, with other OECD members—act simultaneously to reduce Japanese imports.

Then the main result will be that, as importers will be buying less Japanese goods, there will he a general depreciation of the yen. As the capital flows which produce a Japanese current surplus and a U.S. deficit will not necessarily have changed, all that will have happened is that the same pattern of balances will be established at a lower level of trade. World imports from Japan may fall. But so then will world exports to it.

It is wise to recognise tha qualifications to one's own case. As Mr Donald Roy (Letters to the Editor, May 3) has pointed out, an import restraint which took the form of a U.S. import surcharge would tackle basics, to the extent that it raised revenue and thereby reduced both the U.S. budget deficit and the U.S. need to borrow abroad.

Estimates of large reenue—such as Mr Roy's $130bn per annum from a 40 per cent import surcharge—depend on the surcharge being levied overall, and not just against Japan. It also depends on surcharges being across the board, which they rarely are as exceptions are made for food, components, raw materials and other essentials—just the ltems likely to bring in revenue. Neither the British Labour Government surcharge of 1964-66 nor the Nixon-Connally surcharge of 1971-72, imposed as a bargaining weapon to secure an agreed dollar devaluation, was a major source of revenue.

Even if it does raise revenues, the risks in a US. surcharge far outweigh the losses. Other countries claiming to have bndgetary problems, would be granted a beaven-sent excuse to retaliate. If protectionism is the only way to reduce the twin U.S. deficits, it would be less bad to let them run on longer.

One further qualification must be mentioned. Take a European country suffering from high unemployment. Is it not possible that a diversion of demand from Japanese to domestic car or electronic goods—or alternatively some strong-arm tactics to secure for Britain contracts such as the Turkish bridge—would increase demand for domestic products? This would then offset some of the effects of currency appreciation and promote more output and employment.

A problem of policy consistency arises, here, however. Recall that European governments have resisted calls to boost domestic demand because they fear that the effects will he inflationary.

European governments cannot bave it both ways. If demand generated by public investment or tax cuts is inflationary, so will demand generated by overseas bridge contract or a diversion of purchases from Japanese to British cars.

The point of this article is certainly not to call for concerted reflation. My views on this subject are boringly in-between those of the reflationists and the stand-pat views reiterated at the summit.

I am simply stressing that it is inconsistent to proclaim "I will not print money" while complaining about orders going to Japan. Cheques arriving in the offices of British, French or German corporations do not bear labels saying "I am a virtuous export order" or "I am a naughty piece of domestie spending." Before taking action against the Japanese, we need to put our own houses in order.

JAPAN'S VISIBLE TRADE BALANCE

With	$bn, 1984
U.S.	+33.5
UK	+ 2.4
Rest of EEC	+ 9.3
LDCs	+15.1
Soviet bloc	+ 1.5
Opec	−27.5
Other	− 1.8
Total	+32.5
Invisibles	− 9.3
Current balance	+35.0

N.B. $11.8bn discrepancy reflects c.i.f. basis for imports.

Source: IMF

Letters to the Editor

Aid and capital goods exports

From the Managing Director, Babcock Contractors

Sir,—It is heartening to the industrial community in the UK to read the many recent reports of both Mrs Thatcher and Mr Tebbit streanously attacking "one-sided competition from Japan." It is, therefore, depressing to find your leader of May 3 trying to talk their new initiative to death by propounding unworkable consensus schemes.

It is monumentally naive to suggest that the developed nations of the world should "pool" their aid funds and make them available to all less-developed countries without a strong commitment to use the aid to generate employment within the donor's own industries. The very fact that Japan's "Aid for trade" fund is 40 times as large as ours should indicate at least one problem in reaching such an agreement. Your suggested move to a "less distorted system" would inevitably lead to a bureaucratic nightmare.

Your most damaging barb is in your final sentence which states "as the Byatt report on export credit established, the elimination of subsidies—even on a unilateral basis—is likely to benefit the domestic economy." The document is a well-argued thesis provided you agree with Ian Byatt's basic assumptions.

All major UK industries affected by his report disagree profoundly with his assumptions and many refutations are now published. Much of the recent debate in hearings of the public accounts committee also show general agreement that the Byatt assumptions are highly suspect. We are surprised that you either know nothing of these counter views or have chosen to ignore them.

Your leader, coming as it does, in the midst of a strong government move to encourage our export efforts, seems both ill-timed and counter-productive.

G. R. Govan.
11 The Boulevard,
Crawley, Sussex.

Terrific traffic jams

From the Director of Information, Confederation of British Industry

Sir,—Mr Sullivan's bias (April 30) in favour of railway transport over roads has led him into a siding.

Sir Terence Beckett has no particular preference for road travel over rail or air and always chooses which is the most suitable for his particular business in the regions. He does not seek to cover Britain in motorways either—simply, he believes that this nation should invest to get its products faster and more efficiently to market so that Britain can better compete with its rivals. In that respect the extremely poorly laid out and signposted roundabout system, as exists at the South of the M1 near Brent Cross, makes his point.

Instead of promoting one system of transport in preference to others, Mr Sullivan might like to contemplate just how poorly served our exporters are at present and understand the CBI argument that capital spending on viable projects is urgently needed.

By the way, we came back from Harrogate on the A1 and noted the major project currently under way in north London to improve the flow into the capital. But we then ran into an appalling jam at 11 am in Swiss Cottage!

Keith McDowall.
103, New Oxford Street, WC1.

Pension fund managers

From Mr K. Jecks

Sir,—I was pleased to see in the concluding paragraph of Mr Ryan's letter (April 29) that he believes the statistics produced by performance measures should carry some form of "health warning" to the effect that pension funds are long term vehicles and the performance statistics should be regarded in that light.

Mr Ryan, clearly, has not seen a copy of our general report for 1984. It was precisely such a "bealth warning" in that document which prompted Eric Short to write his article about the appropriateness or otherwise of currency hedging!

We have never stated that fund managers were wrong to consider bedging; merely that in the long run, its use is unnecessary. Our fear is that many managers are basing investment decisions on criteria that are shorter in term than we feel to be appropriate for a pension fund. The controversy over the issue of currency hedging has done nothing to allay these fears.

Keith M. Jecks.
Cubie. Wood and Co.,
P.O. Box 144,
Norfolk House,
Wellesley Road,
Croydon.

Generation neutral?

From Mr S. Walker

Sir,—We are led to believe that the state earnings-related pension scheme (Serps) may be closed. It also appears that pension rights already accrued are to be protected.

The main reason for this possible reform is that successive retired generations have received higher pensions than their own predecessor generations, the cost in each case being met largely by the then current working generations, to such an extent that the process cannot be sustained into the foreseeable future.

But will closure of Serps be generation - neutral? Snppose Serps runs for the 10 years 1978-88. A man aged 55 in 1988 will then have contributed for 10 years, the whole of whicb is pensionable. A man aged 35 in 1988, however, will also have contributed for 10 years, but only half of this would be pensionable under the current arrangements.

Will younger age groups tolerate this new form of reversed generation-discrimination? How will future National Insurance contributions be modified?

Stuart Walker.
3, Saville Court, Station Road,
Billingshurst, West Sussex.

Oysters, yachts and antifouling

From the General Services Manager,
Royal Yachting Association

Sir,—I refer to your correspondenca on oysters, yachts and antifouling paints.

The Minister (who has asked for representations by May 14) would be at fault in taking advice only from his own fisheries scientists who are in any event concerned with defending their advice to oyster farmers in the early 1970s to start importing Pacific oysters possibly without having established that UK waters were safe for this particular breed.

Even disregarding the likelihood of prejudice, there is a serious conflict of expert opinion. Can yachtsmen really be asked (or told) to bow to an immediate nationwide ban on these highly efficient antifoulings on the basis of questionable evidence of damage in a few isolated areas?

Those affected by a ban on retail sales will see the same anti-foulings in continued use on most craft over 40 ft in length, and will doubtless use their ingenuity in side-stepping the regulations by purchasing tributyl tin paints througb alternative, quite legal, channels. If this is the case the Government will have only itself to blame for introducing unenforceable regulations, without the consent of those affected, on dubious evidence and without giving serious thought to paint makers' and consumers' opinions.

Yachtsmen are not ecological vandals but this is at present a commercial rather than an ecological conflict and hastily introduced and unfair regulations in support of a small commercial fishery interest will not be accepted.

Surely it would not put the Government to any great embarrassment to give paint manufacturers the time they need to develop toxin-free alternative anti-foulings, and the fishery scientists the time they need to prodnca rather more convincing evidence in support of their case. Unless the Government is prepared to do this the yachtsmen will feel very strongly that they have been selected as a sacrificial (and probably qnite innocent) offering to the Green Lobby.

Edmund Whelan.
Victoria Way,
Woking, Surrey.

Privatise the Inland Revenue

From Mr D. Symington

Sir,—Your article on staff shortages in the Inland Revenue (May 7) whicb are delaying the detection of large scale tax evasion brings to the forefront an area of government activity ripe for privatisation—that is the administration of taxation.

So far as I am aware the Government, so fond of this idea in general, has not considered it in relation to tax gathering. And yet would it not make sense to hand over the assessment and collection of taxes to licensed companies which would be rewarded with a percentage of the tax yield? Staff shortages and poor pay for the inspectors would be a thing of the past—market forces would decide their numbers and remuneration. Bottlenecks would disappear and the revenues of the Government would swell.

Some of the licensed companies would be responsible for the taxation of corporate bodies, others for partnerships and others for personal taxation etc. The funetions of HM Customs and Excise might have to be excluded from privatisation because lts duties incinde some which are very important but are not revenue orientated —the prevention of smuggling of firearms and dangerous drugs for instance.

The Idea of tax administration being in the bands of profit oriented, energetic, private enterprises (the latter day fermiers généraux) must at least commend itself to most readers if not to the country at large.

D. A. Symington.
17, Ross Court,
Putney Hill, SW15.

FINANCIAL TIMES
Thursday May 9 1985

Stefan Wagstyl assesses Britain's privatisation programme

Gas gives new lift to asset sales

THE PLANNED sale of British Gas has brought the Conservative Government's privatisation programme back to the boil.

Just as the political and financial temperature surrounding public asset sales was beginning to cool after the flotation of British Telecom, ministers have found a sale to beat BT. By floating 100 per cent of British Gas the Government could raise £8bn ($9.7bn), far exceeding the £4bn being raised from selling just under half of BT.

London financial markets have been caught by surprise by the speed with which the Government wants to carry out this huge flotation. Mr Peter Walker, the Energy Secretary, told the House of Commons that legislation was to be introduced "at the earliest opportunity." The Bill then could be on the statute book by next spring, and the shares on sale by the summer.

One stockbroker said yesterday that this timetable left "little room for anything to go wrong."

The Government is convinced, however, that it can get British Gas to the market on time, despite the opposition Labour Party's pledge to *fight the flotation*. It is also confident that investors will find the money for the issue. The Treasury said yesterday: "The City has not found it difficult so far to cope with privatisation."

Financial analysis generally agree with this view. Mr Ken Inglis, analyst with stockbroker Phillips and Drew, said: "I don't think the Government will have to worry. If the price is right the money will be there."

Price, however, is all-important, as the Government has previously learnt to its cost. The runaway stock market success of some previous issues – notably Amersham International in 1982 and British Telecom last year – brought accusations that the Government was selling public assets too cheaply. Conversely, the failure of the 1982 sale of Britoil shares, when 75 per cent of the issue was left with the underwriters, showed how ministers could provoke the market's wrath if a sale went wrong.

It is still early days in the pricing of British Gas. The Government is very likely to make the issue as smooth as possibly by allowing investors to pay in separate tranches. It is not yet committed to selling 100 per cent of the corporation, though this is expected. Meanwhile, ministers are already talking of discount on gas bills and other incentives to encourage the interest of private investors.

The market's willingness to provide funds has been well demonstrated this year. Companies have already raised £1.8bn in rights issue and there could be more to come. The Government is selling its remaining stakes in British Aerospace and Britoil and has not ruled out the flotation of British Airways before the year is out, despite litigation over the collapse of Laker Airways which has held back the issue. Meanwhile, Christian Salvesen and Trustee Savings Bank are among the companies likely to join the stock market this year.

It would clearly help the Government if the corporate timetable were a little less busy next year. As Mr Inglis said: "The Government will be hoping that issue activity will ease off a little to make room for British Gas."

But with several issues of its own in the pipeline, the Government has considerable room for manoeuvre. It is already committed to this year's British Aerospace and Britoil sales. But it can hardly go ahead with the British Airways sale until efforts to settle the Laker dispute are resolved.

As for the Royal Ordnance Factories and the National Bus Company, the Government has passed enabling legislation but has not yet committed itself to a precise timetable, beyond saying the sales are planned before the next general election, which must be held no later than June 1988. Both sales are, however, expected next year.

Other plans seem more remote. For example, the financial difficulties of the National Coal Board, not to mention the miners' strike, preclude any imminent sales of profitable pits. As the Treasury said yesterday: "It's not enough that the Government wants to sell, it must find a buyer."

However, ministers could more easily bring foward some parts of the programme. The sale of BL's profitable parts subsidiary, Unipart, has frequently been mooted, for example. More substantial sums could be raised by the sale of remaining public stakes in quoted companies, notably BP and BT, though a BT sale is unlikely to follow so soon after last year's flotation.

PUBLIC SECTOR ASSET SALES – THE GOVERNMENT'S TIMETABLE

	Date	Amount to be raised
British Aerospace	May 1985	£363m (48.4 per cent stake)
British Telecom	June 1985	£1.2bn (second tranche)
Britoil	1985	£540m (48.8 per cent stake)
British Airways	1985–86	£1.3bn
British Telecom	April 1986	£1.2bn (final tranche)
Brit. Shipbuilders warship yards	1986	–
Royal Ordnance Factories	mid 1986	£350m
National Bus Company	1986	£200m+
British Gas	1986	£8bn, in tranches
Short Brothers	1986	–
Asset sales under discussion		
British Telecom	remaining 49.8 per cent stake	£7bn
British Petroleum	31.7 per cent stake	£3bn
BL	Unipart subsidiary	–
British Airports Authority	Heathrow, all airports	–
Crown Agents		–

North Sea overtakes Saudi oil production

By Dominic Lawson in London

NORTH SEA oil production exceeded that of Saudi Arabia for the first time in April, according to the monthly oil market report of the International Energy Agency (IEA), published today.

World oil spot prices fell sharply, again yesterday, with May cargoes of Brent, the main UK crude, falling by 40 cents a barrel to $26.25. Traders in London spoke of a collapse in the Brent market.

Only last week the British National Oil Corporation (BNOC), the state oil trader, offered North Sea producers $27.90 a barrel for May North Sea production. That price was based on an average of BNOC's April realisations, and showed the extent of the recent fall in North Sea prices. Brent cargoes for June delivery were traded yesterday as low as $25.80 a barrel.

The Organisation of Petroleum Exporting Countries blames the big increases in North Sea production for the current weakness in the oil market. Earlier this week Mr Belkacem Nabi, the Algerian Oil Minister, called for talks between Opec and non-Opec oil producers.

The IEA figures put Saudi oil production in the first quarter at 3.7m barrels a day, and gives the same figure for first-quarter North Sea production. For April the IEA puts Saudi output at 3.4m b/d, with North Sea production as 3.6m b/d. The UK is currently producing about 2.7m b/d. For the first quarter of last year the IEA estimated Saudi production at 4.9m b/d and North Sea production at 3.4m b/d.

The IEA estimates a stock draw of 1.9m b/d by member countries of the Organisation for Economic Co-operation and Development (OECD) in the first quarter. However, in Geneva last week Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said that the first-quarter drawdown was at least 3m b/d, and attacked the IEA figures as "political."

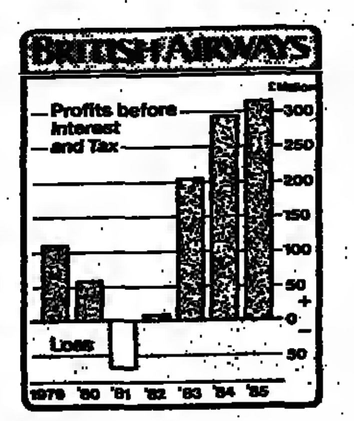
But even on the IEA's more conservative estimates, OECD company stocks on land have reached a record low of 322m tonnes of oil. That represents only 75 days of forward consumption, only five days more than the record low of 70 days reported in April 1979.

The unprecedented rate of destocking by oil companies is the fundamental reason for the oil price weakness.

UK oil find, Page 12; Spot prices, Page 48

THE LEX COLUMN

A revving of the engines



Last year British Airways was hinting in its jauntier moments that it might sneak on to the stock market ahead of British Telecom. Sir Freddie Laker put paid to that idea and in the past few weeks BA must have wondered whether it would make it into the private sector before British Gas. A race between Lord King and Sir Denis Rooke would be a sight to behold but it now looks a remote possibility. The likelihood must be that BA will have its legal problems sorted out in time for an offer for sale in the late autumn.

The courtroom delays, while irksome and expensive, may eventually work to the Government's benefit. BA has another year of solid trading under its belt and, by the time the prospectus is issued, should be in a position to forecast a further rise in profits for 1985-86. At least as important from the Tresury's point of view is the fresh evidence of BA's cash generative powers.

Last year the airline reduced its debt by roughly a third to £647m, leaving it with what is, by international airline standards, almost a commercial balance sheet. A shift towards lease finance admittedly resulted in a depressed capital spending figure of £103m, which will need to rise sharply towards the end of the decade if the ageing fleet of Boeing 747s is to be replaced. But it is unlikely that BA will spend much above £400m annually on direct purchases and fixed asset leases taken together, comfortably within the £470m generated last year from operations.

Last year's improved results – profits rose 9.2 per cent to £202m pre-tax – may owe more to the strong dollar than is apparent from the preliminary statement. The buoyancy of BA's transatlantic traffic has as much to do with exchange rates as it has with economic activity or smiling hostesses. So it would be unwise to project too far ahead on the basis of yesterday's numbers. But the airline itself sounds more confident than ever. Last year it was arguing that it would need a lightly geared balance sheet just to get off the ground. Yesterday it conceded that the group might be airworthy carrying a gross debt/equity ratio of about two-thirds.

Philips

As if in reaction to Philips' strong recovery of last year, its results in the first quarter of 1985 seem designed to bear out that inconvenient law – well tested at Eindhoven over the years – which states that if something is going right then several other things may be going slightly wrong. In this case, even the benefits of rationalisation and product innovation in Philips own consumer electronics business, spurred by the success of compact disc equipment, have not been quite sufficient to offset the joint impact of heavy losses in Grundig and of shrinking demand in the U.S. component industry.

Throw in a comparison with one of the strongest quarters in 1984, and the overall result, an 8 per cent drop in net profit to Fl 262m, is bound to seem disappointing; the chance to ride Philips as a recovery stock may have passed. Yet Philips has at any rate re-established a healthier standard of performance; operating margins of 6.6 per cent are still thin, but if they can be held while volume increases at the forecast 7 per cent, there should be some earnings growth this year. Not a prospect to inspire the market; but neither is it going to shake out the large U.S. funds for whom Philips at least has the merit of being easily dealt in large batches.

European Ferries

It is now nearly a year since European Ferries disfranchised those of its shareholders who were only in it for the perks, ostensibly so that it could end up in the hands of investors who were genuinely interested in its long-term growth. The growth has not yet materialised – yesterday EuroFerries announced 1984 profits rock steady at around £45m – but the change of shape over tha last 12 months is undeniable.

Gone are Singer & Friedlander, TV South and most of the UK property portfolio; in come P & O's cross-channel ferries and a stake in property developer Stockley. The company bears less of the Keith Wickenden stamp; instead of diversifying, it has trimmed its sails and now concentrates on shipping, harbours and property. In the next year or two, it plans to spend at least £50m on its ships and £45m on enlarging the port of Felixstowe. Through the deal with Stockley, it wins a share of a business park much along the lines of its existing one in Denver, and will earn some income this year from Stockley's other properties and from the stake in Stock Conversion. Meanwhile, Stockley's experienced management will take care of EuroFerries' former properties.

All this sounds relatively promising – or at least more logical, and it seems to point to a rather better profits performance this year. Yet the market has still to be convinced: yesterday the shares gained 1p to 145p, leaving them on a rating no higher than this time last year.

British Aerospace

British Aerospace shares have been trading far enough above the 375p offer for sale price to ensure a degree of oversubscription when the application list closes on Friday morning. The issue's sponsors are if anything concerned about the possibility of too heavy a postbag and are taking a very low profile in the closing days.

Last night's price of 405p gave little idea of the likely first day premium, although the institutional buying of the past few days suggests that hardly anyone expects stock to fall into the lap of the sub-underwriters. So, while there is no prospect of another Telecom scramble, some institutions should be in the market for more paper next week.

Aerospace is no give-away at this price. There are gaps in the forward order-book, the tax charge is set to rise and the profit (or loss) outlook at Airbus Industrie is not all that it might be. But a prospective multiple of about seven times at the offer for sale price, coupled with a yield of about 5½ per cent on the 1985 dividend, discounts enough of the worries. And, who knows, the group might just commemorate its issue with the announcement of an order or two.

Belgium adopts floating discount rate after reduction to 9¾%

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM'S CENTRAL bank armed itself yesterday with a new flexibility to manage the monetary markets by adopting a floating form of discount rate.

At the same time, it lowered the discount rate for the first time since February 1984 to 9¾ per cent from 11 per cent.

Hitherto the National Bank of Belgium has changed its discount rate irregularly, giving it an importance which has not been justified technically. In the interests of gaining greater freedom of manoeuvre, it is now to post a discount rate each Wednesday, while retaining the ability to change in between times within a certain range of rates.

The weekly range within which the bank can move the rate will be settled each Wednesday.

The decision to reduce the discount rate has been expected for some time by bankers. Rates on the market have become increasingly out of line with the discount rate. The central bank acknowledged this but explained it had been reluctant to change because of the significance attached to such move.

The discount rate, as a market leader, had in fact become irrelevant because the bank had been using other technical means to lower interest rates.

Thus three-month Treasury bonds, which attracted interest rates of 12¼ per cent in February 1984, have progressively lowered to a current rate of 9½ per cent. This fall has drawn with it other forms of short-term credit.

The bank noted yesterday that in generally easy conditions the fact that the discount rate was out of line with the market had little effect. But in the event of tightened liquidity, it would need to adjust the discount rate quickly – hence the move towards greater flexibility.

Henceforth the discount rate will be fixed according to the interest rate prevailing on three-month Treasury bonds the day before.

Sr Felipe González

Madrid to cut future pension payments

By David White in Madrid

THE SPANISH Cabinet decided yesterday to push ahead with changes in the social security pension system against strong trade union opposition.

A Bill containing urgent measures to "rationalise" the system, providing less for future pensioners, will be put to parliament in the absence of an agreement with the Socialist-led UGT labour confederation, the Government's main union ally.

The UGT, split between one faction firmly opposed to any cut and another favouring negotiations on the basis of the government proposals, is threatening a protest campaign against the measures, as are the rival Communist-lead organisation, Worker's Commissions.

The plans, aimed at staving off a financial crisis in Spain's social security and due to take effect from June, have been adjusted by the Government to ease the transition from one system to another.

The pensions issue has become the focus of growing divisions between the UGT leadership and the Socialist authorities. These led Sr Felipe Gonzalez, the Prime Minister, to break this year with his previous practice of participating in the union's labour day rally.

The Government proposals, which will not affect the 5m Spaniards who are already receiving pensions, would change the contribution basis and reduce the level of payment by at least 8 per cent.

Brazil to negotiate 'realistic' IMF terms

BY ANDREW WHITLEY IN BRASILIA

THE BRAZILIAN Government yesterday told a restive Congress that a new agreement with the IMF would be the "most convenient way" for the country to obtain the best terms possible on the rescheduling on its $104bn external debt and to permit economic recovery.

In a keynote speech to Congress Sr Francisco Dornelles, the Finance Minister, said the letter-of-intent to the IMF drafted by the former Figueiredo Government in December would be abandoned. New targets "realistic and capable of being accomplished" would have to be negotiated in its place.

Sr Dornelles leads a team of Brazilian officials due to open the first official round of negotiations with the IMF and the country's bank creditors in Washington and New York today and tomorrow.

The Finance Minister said the renegotation of Brazil's debt demanded a realistic posture. "I consider romantic any position which hopes to ignore the basic rules regulating international financial operations," he said, this apparently dashes the hopes of many within and outside the new Government that Brazil would press its creditors for at least the partial capitalisation of interest payments.

He disclosed that while Brazil planned to resume talks on the multi-year rescheduling agreement negotiated under the former government much more remains to be done than had previously been reported.

Among the points to be settled with the creditor banks, he said, were: the volume of debt to be rolled over; the amount of capital repayments to be paid during the initial grace period; aspects of the relending mechanism for end-borrowers in Brazil; the cross default clause being demanded by some banks; and – most sensitive of all – the monitoring of the Brazilian economy after the IMF agreement expires next February.

Arduous negotiations are expected over the coming months between Brazil and the IMF. The first priority will be to get negotiations towards a new letter of intent underway rapidly.

While most banks now regard as inevitable a further extension of the so-called Brazilian Phase Two terms, prolonged from the end of last year by five months, Western bankers say the creditors would like to see an end in sight to the Brazilian negotiations before agreeing to a further extension.

Reagan pledge to match Soviet arms

Continued from Page 1

dress was directed at the need to solve problems with the Soviet Union – most immediately through improved communications between the two countries' armed forces. Mr Reagan outlined four specific steps, including a new military hotline and a declaration on the non-use of force, which Washington wants Mr Mikhail Gorbachev, the Soviet leader, to accept quickly as a "good faith" gesture.

Before leaving for Lisbon, the last stop on his 10-day European tour, Mr Reagan paid tribute to most of the great European leaders of the 20th century, with the notable exception of General Charles de Gaulle, who first expounded a vision – superficilly not dissimilar from Mr Reagan's – of a Europe stretching from the Atlantic to the Urals.

Nor did Mr Reagan pay tribute to the Soviet Union as a wartime ally in a purple passage describing the victory celebrations of 40 years ago – an omissiou that White House officials insisted was not intended as a deliberate slight. The U.S. Government had sent a separate message to Moscow in tha last few days expressing Mr Reagan's appreciation for Soviet sacrifices in the second world war, the officials said. They added, however, thet they had not received a reply and were not expecting one.

Mr Reagan conceded that the West was in for "an extended period of competition of ideas" with the East – a competition that he firmly believes the West will win. "Our adversaries can offer their people only economic stagnation and the corrupt hand of a state and party bureaucracy which ultimately satisfy neither material nor spiritual needs," he told the parliament.

The West's task – even more daunting than that facing Europe's post-war leaders – was "to keep the peace with an ever more powerful Soviet Union, to introduce greater stability in our relationship with it, and to live together in a world in which our values can prosper."

Today's Europeans had learned that "aggression feeds appeasement and that weakness itself can be provocative," Mr Reagan said. The West could either match the Soviet nuclear build-up or ask Moscow to scale it down under arms control agreements in Geneva, Mr Reagan said. "Thus far, however, we have heard nothing new from the other side."

The third possibility was to offset the Soviet build-up with non-nuclear defensive systems, under his star wars space weapons programme, Mr Reagan said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	12	54	Dubrovnik	F	19	66	Malaga	R	23	73	Salzburg	C	17	63
Akrotiri	S	31	88	Faro	S	19	66	Malta	R	17	63	Seoul	S	21	70
Algiers	F	17	63	Florence	C	16	61	Manila	S	35	95	Singapore	R	33	91
Amsterdam	S	18	64	Frankfurt	F	20	68	Miami	C	26	79	Stockholm	S	15	59
Athens	S	23	73	Funchal	C	16	61	Milan	R	10	50	Strasbourg	F	18	64
Bahrain	S	35	95	Geneva	R	13	55	Moscow	R	13	56	Sydney	S	21	70
Bangkok	S	34	93	Gibraltar	S	21	70	Munich	S	9	48	Taipei	S	30	86
Barcelona	S	18	64	Guernsey	R	13	55	Nairobi	C	24	75	Tangier	S	18	64
Beirut	S	25	77	Helsinki	C	13	55	Naples	F	18	64	Tehran	—	—	—
Belgrade	F	24	75	H. Kong	S	29	84	New Delhi	S	42	108	Tel Aviv	S	33	91
Berlin	F	20	68	Innsbruck	C	10	50	New York	F	20	68	Tenerife	F	19	66
Biarritz	F	14	57	Inverness	S	14	57	Nice	C	13	55	Tokyo	S	23	73
Blackpool	S	12	54	Istanbul	S	22	72	Oporto	S	15	59	Toronto	F	16	61
Bordeaux	C	12	54	Jersey	S	12	54	Oslo	S	17	63	Tunis	F	19	66
Brussels	F	17	63	Jo'burg	S	23	73	Paris	C	12	54	Valencia	S	21	70
Budapest	T	14	57	Las Palmas	C	20	68	Prague	R	15	59	Venice	F	16	61
B. Aires	F	20	68	Lima	F	21	70	Reykjavik	R	5	41	Vienna	F	17	63
Cairo	C	30	86	Lisbon	S	16	61	Rio de J'o	S	31	88	Warsaw	C	19	66
Cape Town	S	20	68	Locarno	—	—	—	Rome	C	16	61	Zurich	—	—	—
Caracas	C	28	82	London	C	15	59								
Casablanca	S	18	64	Los Angeles	C	20	68								
Copenhagen	S	16	61	Luxembourg	C	17	63								
Corfu	S	24	75	Madrid	S	15	59								
Dublin	C	14	57	Majorca	F	19	66								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Israel plays final card in Lebanon

Continued from Page 1

explains the outburst by Mr Yitzhak Shamir, the Foreign Minister, who said yesterday that "Unifil shouldn't be in the region ... it doesn't help the security."

Mr Dawi's two-way radio symbolises what was meant by Mr Yitzhak Rabin, the Defence Minister, when he said recently that security will be in the hands of the locals, with "support" from the Israeli army. Though not specified, this support will include raids across the border whenever there is, or Israel believes there might be, a guerrilla attack on Israel.

The air of uncertainty even permeates the 40-bed hospital in Marjsyoun, which is maintained by Israel at a cost of $4m a year. Dr Alexander Coret, an Israeli officer, admits that he does not know what will happen after the final retreat.

Israel is currently spending $2.5m to build new obstetrics, gynaecology and outpatients units. "They should be functioning in two or three months," Dr Coret says. But he shrugs his shoulders and says "I don't know" when asked if the Israelis will still be there after the withdrawal to supply the funds and facilities that are essential for the hospital's functioning.

The only certain thing in southern Lebanon these days is the massive new defence line Israel is building along the 70km border. It begins with the freshly-dug trench just inside Lebanon to prevent fanatical Shia Moslems from driving bomb-laden cars into Israel.

● The latest Beirut ceasefire between Christian and Moslem militias collapsed yesterday as fighting continued for the 11th day along the city's Green Line separeting the two communities, AP reports. Meanwhile, Mr Rashid Karami, the Lebanese Prime Minister, met representatives of Syrian-supported Palestinian factions visiting Lebanon publicly for the first time.

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SECTION II – COMPANIES & CAPITAL MARKETS

FINANCIAL TIMES

Thursday May 9 1985

HOME ELECTRONICS EXPECTED TO PULL OUT OF THE RED

U.S. slump hits Philips' profits

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, posted an 8 per cent profits decline to Fl 260m ($72.8m) in the first quarter compared with Fl 282m in the year-earlier period on plunging U.S. sales of integrated circuits and earnings from unconsolidated companies.

Sales rose 14 per cent to Fl 13.68bn in the first three months from Fl 12.03bn in the corresponding quarter of 1984. Philips, which is Europe's largest electronics company, described the latest results as "satisfactory," noting that the comparable 1984 quarter was the second-strongest period that year.

Mr Johannes Zantman, vice-president in charge of financial affairs, predicted yesterday that the loss-ridden home electronics division would be in the red again this year but would swing into the black next year. The division reported a Fl 416m operating loss last year, the biggest deficit of any division, prompting a major restructuring programme.

Philips reiterated that overall 1985 earnings would improve over last year's Fl 1.11bn although previously the company has indicated something short of 1984's 50 per cent jump. The Eindhoven-based company repeated its forecast of a 7 per cent gain in sales volume this year.

The fall in unconsolidated company earnings to Fl 2m from Fl 41m was primarily attributed to Grundig of West Germany, the audio-video company in which Philips acquired a controlling interest last year. Grundig lost DM 185m ($58m) in the fiscal year ended March 1985 and is aggressively being slimmed down under Philips' management.

Mr Zantman predicted that Grundig's losses would peak this year on Philips' accounts although narrowing on Grundig's books.

U.S. sales of integrated circuits declined in line with the sharp industry downturn in book-to-billing ratios, which had stabilised but were not expected to rebound until the third quarter, company executives said. Signetics, Philips' U.S. chip subsidiary announced layoffs in March after seeing sales spurt 74 per cent in 1984, when the industry cycle peaked.

Commenting on overall sales, Mr Zantman noted that the slower U.S. growth resulting from the cooling economy was partially offset by a modest upturn in Europe. Operating income fell sharply in the U.S. and Canada while climbing robustly in Europe and Latin America during the first quarter.

In the audio-video division, turnover improved mostly for the compact disc – where Philips claims 8 per cent of the Japanese market – video recorders, radio recorders and Hi-Fi equipment. Mr Zantman admitted, however, that Philips had not produced its own V2000 video cassette recorder for eight months because of high inventories. Nevertheless he insisted that the Dutch company remained committed to the V2000 and would resume production when demand permitted.

Demand for colour TVs also continued to stagnate in Europe, where Philips has closed three factories and is negotiating to shut another three, leaving only three in operation. Turnover in the industrial supplies (chips and semiconductors) division increased except in the U.S., while the household appliances division benefited from the consolidation of Bauknecht, the West German appliance maker. The professional systems division saw good sales growth in medical equipment and electronic-banking terminals.

At the recent shareholder meeting, president Wisse Dekker predicted that Philips would post sales of Fl 85bn and net income of between Fl 2.55bn and Fl 3.4bn by 1991. Mr Dekker will retire in 1987 and be succeeded by Mr C. J. Van der Klugt, now vice-president in charge of home electronics.

Woolworth earnings recovery continues

BY WILLIAM HALL IN NEW YORK

F. W. WOOLWORTH, the U.S. stores group, continued its profits recovery in the first quarter of 1985, boosting net income from $4m to $8m on the back of marginal increase in sales to $1.12bn.

Domestic sales rose by 8.8 per cent, but foreign sales, expressed in Dollars, fell by 7.5 per cent. Woolworth says that its foreign sales would have increased by 3.4 per cent and total sales by 6.7 per cent if the figures had been translated at 1984 exchange rates.

Woolworth, which earned a total of $4.5 per share in its last fiscal year to the end of January, boosted earnings per share in the latest quarter by 70 per cent to 17 cents per share.

All the company's U.S. divisions reported higher first-quarter sales except for J. Brannam, the discount clothing chain. The group's interest expenses fell by $2m to $17m in the first three months. Short-term debt increased by $58m to $211m at the end of the first quarter of 1985 compared with a year earlier. Total debt amounted to $652m compared

Mr John W. Lynn, Woolworth's chief executive, said earlier this year that its strategic priorities were to revitalise its North American stores and place increased emphasis on expanding, developing and acquiring successful retail operations.

Trainer costs push Fairchild into loss

BY TERRY DODSWORTH IN NEW YORK

FAIRCHILD Industries, the U.S. aerospace company, plunged into loss in the first quarter of this year after setting aside a $28m pre-tax reserve against its T-46A air force trainer programme.

Net losses amounted to $11.1m, or $1.05 a share, against a profit of $8.6m, or 40 cents, in the same period of last year. Sales slipped to $205.5m from $214.6m.

The net impact of the reserve was reduced by $12.3m in tax loss benefits and investment tax credits. It follows an $11.4m charge established in 1984 against the trainer aircraft, which has run into increased manufacturing and development costs because of additional engineering and ground testing.

Last year, Fairchild set up a $50m reserve because of engine problems and production delays on the Saab-Fairchild 340, a 35-seat twin turboprop airliner developed in a joint venture with Saab-Scania.

The company said yesterday that its commercial business was continuing to make losses, although market activity had increased in recent weeks.

Earnings in the communications, electronics and space divisions increased. The group's share of profits in Space Communications (Spacecom), in which the company has a 50 per cent share, also increased from a year ago.

INTERNATIONAL BONDS

Attention turns to convertible issues

BY MAGGIE URRY IN LONDON

CONVERTIBLE bonds were the fashion in the Eurodollar bond market yesterday, with Nomura International launching a $100m deal for Canon and Credit Suisse First Boston expecting to indicate terms today for a $250m deal in the name of American General Corporation, the insurance group.

With uncertainty clouding the fixed-rate Eurodollar market, where prices were ⅛ to ¼ point lower yesterday, investors could be more tempted by equity-linked issues.

Canon, the Japanese camera and calculator group, set the maturity of its issue at 15 years and indicated a coupon of 3 per cent and a conversion premium of 5 per cent. Total fees are 2½ per cent, and the bonds were bid at a discount of 1½ per cent yesterday.

The American General issue will be the third largest convertible ever in the Eurobond market, ranking after the two Texaco issues led last year by CSFB, which together raised $1½bn. The American General bonds will also have a 15-year life; and a put option after five years will give investors some protection if the share price was to fall.

Midland Bank yesterday increased the size of its perpetual floating-rate note issue from $500m to $750m and said that it would not be increased again. The bonds continued to trade well, bid at 99.90.

In the Canadian dollar Eurobond market Wood Gundy launched a C$75m seven-year issue for Shell Canada, majority owned by Shell. This is a rare name in the market and one well known by retail investors. However, dealers felt the coupon at 11¼ per cent with a 100¼ issue price was tight and that the issue would move slowly. The bonds were bid at 98¼, a discount just outside the 1⅞ per cent total fees.

In the Swiss franc foreign bond market UBS is leading a SwFr 80m five-year private placement for Tokuyama Soda, the Japanese chemical company. The terms were fixed at a 5¾ per cent coupon and a 99¾ issue price.

Turnover in secondary market trading of Swiss franc foreign bonds improved yesterday, and prices were firmer by up to ¼ point.

D-Mark bond traders saw good business yesterday with prices better by around ½ point. Expected today is a DM 200m issue for the EIB, led by Deutsche Bank.

● Mr Amir Eilon is to join Morgan Stanley International as syndicate manager. He is currently a director of Samuel Montagu, where he is in charge of the markets group within the international capital markets division.

International bond service, Page 28

Japan and Germany seek new market accord

BY YOKO SHIBATA IN TOKYO

JAPAN and West Germany will hold bilateral talks here on June 21 aimed at resolving mutual allegations of continuing discrimination against banks at a time when both countries are pressing ahead with liberalisation of their financial systems.

The Japanese authorities are expected to press the Bundesbank to allow Japanese banks to lead manage D-Mark bond issues, as foreign banks of other nationalities have been allowed to do since last week. The Germans made clear when the bond market liberalisation was announced that Japanese banks would remain excluded until German banks were permitted access to securities business in Tokyo.

Japan's continuing process of financial deregulation, which is being carried out under strong pressure from the U.S., has left bilateral issues unresolved with several European countries. Many of these problems arise from Article 65 of the Securities Transaction Law which, on the model of the U.S. Glass-Steagall Act, separates banking from securities business.

Dr Claus Koehler, a director of the Bundesbank, acknowledged the legal differences between the two countries' financial systems

Germany's universal banks, which conduct both banking and securities business, are seeking the right to issue debt in Tokyo.

BBL to raise BFr 2.9bn through rights

By Paul Cheeseright in Brussels

BANQUE Bruxelles Lambert, the second largest Belgian commercial bank, is going to the market with a one-for-four rights issue to raise BFr 2.9bn ($45.83m).

The issue price had been set at BFr 1,550 a share, BBL said yesterday. That compared with a market price of BFr 1,880 yesterday and a 1985 trading range of BFr 1,750-BFr 1,930.

The bank also disclosed operating profits in the six months to March 1985 at BFr 2.6bn, BFr 578.9m more than in the same period of 1983–84.

The decision to raise new funds follows authorisation from the shareholders at an extraordinary meeting last month for the board to choose how and when the issued capital should be raised from the present level of BFr 9.14bn to BFr 15bn by 1990.

The effect of the rights issue will be to raise BBL's total capital – equity, reserves and subordinated loans – to BFr 34bn.

Trinkaus paves way for wider ownership

By John Davies in Frankfurt

TRINKAUS & BURKHARDT, the West German private bank which is largely owned by Midland Bank of the UK, is to change its legal structure in a move which could pave the way for wider ownership.

Trinkaus at present operates as a partnership. Retrospectively to the beginning of this year it will adopt a legal form – known as a *Kommanditgesellschaft auf Aktien* – under which it will have regular shareholders as well as partners.

Midland Bank bought into Trinkaus in 1980, initially acquiring about 60 per cent ownership, but it has since extended this to about 92 per cent, with the remaining 8 per cent in private hands.

Herr Herbert Jacobi, one of the personally liable partners, said that it had already been made clear that Midland would offer a stake of about 25 per cent to West German investors. The change in Trinkaus' legal structure could make this move easier, he said.

He said that Midland had always recognised the importance of upholding Trinkaus' independence. Midland had never sent in its own representative to join the personally liable partners and had declared its intention of holding no more than a 70 per cent interest in the long run.

In the competitive world of private banking, Trinkaus has been aiming to nurture its traditional credit and deposit-taking business while expanding services for individual and corporate clients, such as asset management and electronic banking.

Including subsidiaries in Luxembourg and Switzerland, Trinkaus increased its group assets by 8 per cent last year to DM 5.9bn ($1.86bn). The bank's operating profit was 5 per cent higher than in 1983, but no details have been disclosed.

Nestlé chief warns of squeezed profit margins this year

BY WILLIAM DULLFORCE IN ZURICH

NESTLÉ has no fears about its financial structure after the recently completed $3bn takeover of Carnation of the U.S., Mr Helmut Maucher, managing director of the diversified Swiss foods group, asserted yesterday.

But net earnings this year would sink below the 4.8 per cent of sales achieved in 1984, as the group moved from the acquisitive phase of the last two years into a period of consolidation, he said.

Nestlé posted consolidated net earnings of SwFr 1.49bn ($560m) on a turnover of SwFr 31.1bn last year. In the first four months of 1985 sales, boosted by the inclusion of Carnation, had climbed by about 57 per cent against the corresponding period of last year, Mr Maucher reported. Sales growth in the original Nestlé companies was about 18 per cent.

Depending on currency and interest rate fluctuations, the managing director expected group turnover to reach between SwFr 43bn and SwFr 55bn this year.

Nestlé has had to increase debt and dip into liquidity to finance the purchase of Carnation, but, with shareholders' funds exceeding SwFr 13bn after a recent placing of registered shares, "we have no reason to worry about financial structure," Mr Maucher said.

Mr Reto Domeniconi, the finance director, expects the group equity-to-debt ratio to be around 1 to 1 at the end of 1985 compared with 1.13 to 1 at the end of 1984.

Delay in obtaining approval from the U.S. Federal Trade Commission allowed Nestlé to drop the original jumbo loan it had arranged to pay for Carnation and to obtain finance some 1 per cent cheaper by issuing $1.7bn in commercial paper. It raised a $1bn note facility in the Euromarkets in December as backup.

About $1bn of the commercial paper is still outstanding and will be reduced gradually over the next two to three years. The interest paid is deductible from U.S. taxes.

The management also expects to raise some cash from the sale of two Carnation units with a combined turnover of $440m.

Nestlé has spent SwFr 9bn on acquisitions in the last two years.

Hapag-Lloyd in black and resumes dividend

BY PETER BRUCE IN BONN

HAPAG-LLOYD, West Germany's leading shipping, transport and tourism group, yesterday reported 1984 net profits of DM 60.8m ($19.2m) and announced a DM 3 dividend after years of losses. The group last paid a dividend in 1978.

The group, which had signalled its return to profit late last year, produced a turnround in net profit of about DM 211m, after pushing through a sweeping restructuring programme, aimed mainly at cutting jobs and involving the sale of its air and sea freight forwarding services.

The restructuring cost Hapag-Lloyd DM 300m, though its major shareholders, Deutsche Bank, Dresdner Bank and the Veritas investment trust, put a further DM 287m into the group.

Hapag-Lloyd achieved a turnover of nearly DM 4bn in 1983.

Alfa seeks links with other car producers

By James Buxton in Rome

ALFA ROMEO, the heavily loss-making Italian car maker, has been holding talks with major car producers in Europe, Japan and the U.S. on possible collaboration.

But both the company and its parent, IRI, the Italian state industrial holding company, yesterday denied press reports that negotiations on the sale of Alfa Romeo to a foreign concern were taking place.

IRI said talks were being held with producers both in Europe and outside "which form part of the company's policy of looking for every possible collaboration in the fields of production and sales."

IRI and Alfa Romeo decided some time ago that the only hope for the company, which has lost L497bn ($243m) in the past five years, was to achieve economies of scale and perhaps a more ruthless management discipline through an alliance with another producer.

Yesterday Mr Lee Iacocca, president of Chrysler of the U.S., confirmed in an Italian newspaper interview that his company had had a series of talks with Alfa Romeo over the past two years. He indicated that he was not, at this moment, interested in taking on what he considered would be the five-year task of reviving Alfa Romeo's fortunes, but did not totally rule out the possibility of collaboration in the future.

Nissan of Japan, which has a limited collaboration venture with Alfa Romeo, is understood to be interested in broadening its relationship with the company. Alfa Romeo is also understood to have talked to BMW of West Germany – which like Alfa Romeo is in the fast cars market – and with Volvo of Sweden.

In a separate development Fiat said yesterday that a conclusion to its talks with Ford Europe on collaboration in car making was not imminent.

INTERNATIONAL COMPANIES and FINANCE

Australian bank rules change

SYDNEY – The Reserve Bank of Australia is introducing a prime assets ratio (PAR) requirement for trading banks to replace the existing liquid assets and government securities ratio (LGS).

The new ratio, 12 per cent of each trading bank's total liabilities in local dollar terms, will be introduced gradually to allow relaxation of the LGS convention.

It will include notes and coin and balances with the Reserve Bank, as well as Treasury notes and other Commonwealth securities and loans to authorised money market dealers secured against Commonwealth government securities.

Funds held in statutory reserve deposits up to the equivalent of 3 per cent of a trading bank's deposits would be counted as prime assets for the purpose of meeting PAR obligations, the central bank said.

Arrangements whereby the trading banks undertake to borrow from the Reserve Bank to maintain the minimum LGS ratio no longer apply.

In future, if a bank is in danger of breaching the PAR requirement, it will be required to correct the situation promptly under the supervision of the Reserve Bank.

The Reserve Bank said it would ensure sufficient funds are available to meet the banking system's need for liquid assets.

"The prime assets ratio eventually will become the only Reserve Bank constraint on a trading bank's minimum holdings of prime assets," the bank said.

The 16 new banks authorised under the Treasurer's statement of February 27 will be subject to the same requirements as existing trading banks.

Reuter

Chase to acquire more Ohio thrifts

BY PAUL TAYLOR IN NEW YORK

CHASE Manhattan, the third largest U.S. banking group, has agreed to take over four more privately insured savings banks in Ohio as part of its efforts to win approval to set up a commercial bank in the state.

Chase acquired two other troubled Ohio savings banks, or thrifts, last month in the wake of the crisis which followed the collapse of Home State Savings, the largest privately insured savings institution in the state. Chemical Bank, another big New York-based group, has agreed to acquire Home State, which failed as a result of its dealings with ESM Government Securities.

Chase now plans to acquire American Savings and Loan Association and Tri-State Savings and Loan, both of Cincinnati, and First State Savings and Loan Association and Investor Savings Bank of Columbus.

The acquisition of the four S & Ls, together with the two thrifts it has already acquired, would give Chase thrifts in Ohio with total assets of more than $450m.

The acquisition of the four is contingent upon Ohio's senate passing legislation which would allow Chase, by buying thrifts with total assets of more than $400m, to obtain a commercial banking licence in the state. Ohio's house of representatives has already passed similar legislation – effectively throwing open the doors to out-of-state banks.

Chase, which had earlier indicated its interest in establishing an Ohio banking presence, will seek regulatory approval for the latest acquisitions once the new legislation is signed into law.

Turner Broadcasting slips back into red

TURNER Broadcasting System (TBS), the Atlanta-based U.S. television group that has made a multi-billion dollar all-paper hostile bid for CBS, one of the three major U.S. TV networks, slipped back into the red in the first quarter, Paul Taylor reports from New York.

Turner, controlled by the flamboyant TV entrepreneur, Mr Ted Turner, reported a $741,000, or 3 cents a share, loss, compared with a $2m profit in the final quarter of 1984. In the year-ago period the group posted a net loss of $5.3m, or 26 cents.

Revenues in the latest quarter rose by 23 per cent to $87.4m, from $54.9m.

The loss this time, which was "due to the seasonal nature of certain of the company's operations," was less than budgeted. The year-on-year improvement was entirely attributable to the group's news operations, centred on the 24-hour-a-day cable news network (CNN), the company said.

N. AMERICAN QUARTERLIES

AMERICAN PRESIDENT COS.
Shipping

First quarter	1985 $	1984 $
Revenue	231.9m	223.9m
Net profits	8.2m	14.2m
Net per share	0.67	1.22

BRASCAN
Industrial holding co.

First quarter	1985 C$	1984 C$
Revenue	68.3m	54.5m
Net profits	20m	20.4m
Net per share	0.41	0.51

CIGNA
Insurance

First quarter	1985 $	1984 $
Operating loss	28m	28.7m
Net profit	3.7m†*	13.7m*

† Loss
* After capital gains

CONSOLIDATED NATURAL GAS
Natural gas

First quarter	1985 $	1984 $
Revenue	1.37bn	1.42bn
Net profits	99.2m	103.4m
Net per share	2.41	2.51

GENERAL RE
Reinsurance

First quarter	1985 $	1984 $
Revenue	512.4m	419.6m
Op. net profits	29.4m	33.1m
Op. net per share	0.65	0.73

GOTAAS-LARSEN SHIPPING
Shipping

First quarter	1985 $	1984 $
Revenue	38.7m	39.9m
Net profits	4.6m	6.3m
Net per share	0.41	0.58

HIRAM WALKER RESOURCES
Energy, distilling

Second quarter	1984-5 C$	1983-4 C$
Revenue	1.18bn	1.17bn
Net profits	92m	82m
Net per share	0.98	0.89
Six months		
Revenue	2.24bn	2.18bn
Net profits	200m	161m
Net per share	2.17	1.74

LOEWS
Cigarettes, insurance, hotels

First quarter	1985 $	1984 $
Revenue	1.5bn	1.3bn
Op. net profits	75m	52.8m
Op. net per share	0.92	0.65

NOVA, AN ALBERTA CORP
Energy

First quarter	1985 C$	1984 C$
Revenue	873.7m	948.2m
Net profits	10.4m	15.4m
Net per share	0.08	0.13

PLAYBOY ENTERPRISES
Magazines, clubs, cable tv

Third quarter	1984-85 $	1983-84 $
Revenue	45m	45m
Net profits	346,00†	22.8m
Net per share	0.03†	2.30
Nine months		
Revenue	144.9m	140.1m
Net profits	7.5m	22.6m
Net per share	0.79	2.28

† Loss

ST. PAUL COMPANIES
Insurance

First quarter	1985 $	1984 $
Revenue	608.3m	562m
Op. net profits	2.7m	6.7m
Op. net per share	0.13	0.33

TEXACO CANADA
Energy

First quarter	1985 C$	1984 C$
Revenue	1.68bn	1.66bn
Net profits	99m	119m
Net per share	0.81	0.96

THOMSON NEWSPAPERS
Newspapers

First quarter	1985 C$	1984 C$
Revenue	214.1m	183.4m
Net profits	35.3m	30.4m
Net per share	0.71	0.61

TRANSCANADA PIPELINES
Oil and gas

First quarter	1985 C$	1984 C$
Revenue	1.26bn	1.26bn
Net profits	73.6m	58.3m
Net per share	0.65	0.55

TRAVELERS
Insurance

First quarter	1985 $	1984 $
Revenue	—	—
Net profits	73.1m	68.4m
Net per share	0.86	0.82

WM. WRIGLEY
Chewing gum

First quarter	1985 $	1984 $
Revenue	138.4m	144.5m
Net profits	8.6m	9.3m
Net per share	1.22	1.28

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅛ 86	150	103¾	104¼	0	+0⅜	11.19
Austria Rep 13⅛ 92	100	108¼	108¾	−0⅛	+0⅝	11.56
Bank Of Tokyo 12⅝ 92	100	†102¼	102¾	0	+0¾	12.08
Bank of Tokyo 13⅛ 91	100	107⅜	107⅞	−0¼	+0⅜	11.79
BP Capital 11⅞ 92	150	97⅞	98⅜	−0⅞	+0½	11.51
Caisse Nat Tele 13¾ 91	100	108½	109	−0⅛	+0½	11.65
Canada 11½ 90	500	102½	103	+0⅛	+0¾	10.73
Canadian Pac 12½ 99	75	103¼	103¾	0	+0⅝	11.95
CBS Inc 11⅝ 92	100	98½	99	0	+0¾	11.90
Chevron U.S.A. 12¼ 89	600	102¾	103¼	0	+0¾	11.30
Coca Cola 11¾ 91	100	103½	104	+0⅛	+0⅝	10.88
Denmark Kindom 11½ 92	100	98⅞	99⅜	+0⅛	+0¾	11.68
Denmark Kingdom 13¼ 91	100	105⅜	105⅞	+0⅛	+0¾	11.90
Denmark 13⅝ 88 XW	100	100⅞	107⅜	0	+0¾	11.18
Denmark Kingdom 14 91	100	109⅛	109⅝	0	+0⅞	11.80
E.E.C. 11⅛ 00	100	99½	100	0	+0¾	11.16
E.I.B. 11 93	100	†97⅝	98⅛	+0¼	−1¾	11.36
E.I.B. 13 95	200	100½	101	−0⅛	+0¾	12.02
Ex-Im Bk Japan 15¼ 91	75	108½	109	0	+0¾	11.18
Export Dev Corp 12 89	100	102⅞	103⅜	−0⅛	+0¼	11.03
Exxon Capital Corp 0 2004	1800	†11¾	12¼	−0¼	0	11.47
Ford Motor Cred 11⅝ 95	100	96⅝	97⅛	−0⅞	+0⅜	12.17
IBM Credit 10⅞ 2000	300	98½	99	+0½	+1	10.93
IBM Credit Corp 11¾ 87	200	102¼	102¾	−0⅛	+0¼	10.45
Indust Bk Japan 12⅞ 89	100	104⅞	105⅜	−0⅜	0	11.29
Indust Bk Japan 13⅞ 01	125	109½	110	0	+0⅞	11.55
Int-Am Dev Bk 12¾ 91	150	104⅛	104⅝	−0⅛	+0½	11.71
Japan Air Lines 13⅛ 94	180	111	111½	0	+0⅜	11.32
Kellogg Company 10⅞ 90	100	98⅞	99⅜	−0⅛	+0⅜	11.09
Kellogg Company 11¼ 92	100	101¾	102¼	−0½	+0½	10.79
L.T.C.B. 12⅞ 91	100	104⅜	104⅞	−0⅛	+0⅝	11.77
Macy Cred Corp 11¾ 95	100	100⅛	100⅝	+0¼	+1½	11.66
Mellon Bank 13 87	100	104	104½	−0⅛	+0¼	10.75
Merrill Lynch 12¾ 89	100	103⅝	104⅛	0	+0½	11.53
Minnesota 11½ 87	100	101¾	102¼	0	0	10.46
Mitsubishi Corp 13¼ 89	100	107¾	108¼	−0⅛	+0⅜	10.76
Montagu 13¼ 91	100	104⅜	104⅞	−0¼	+0⅜	12.12
Morgan Guaranty 12⅜ 89	150	102¾	103¼	−0⅛	+0½	11.42
Nippon Cred Bk 13⅞ 89	100	107⅛	107⅝	−0⅛	+0⅜	11.52
Nth America 12⅞ 91	100	103⅝	104⅛	−0⅛	+0¾	11.94
Penney J.C. 12¾ 91	100	103⅞	104⅜	0	+0½	11.76
Pru Realty secs 12⅛ 95	546	101⅞	102⅜	0	+0¾	11.72
Quebec Hydro 11½ 92	100	100⅛	100⅝	0	+2¼	11.30
Ralston Purina 12¾ 89	100	104¾	105¼	0	+0⅝	11.21
Royal Bk Can 12¾ 92 XW	100	101⅞	102⅜	+0⅛	+1	12.21
Saskatchewan 10 3/4 92	100	96⅝	97⅛	+0⅛	+1	11.42
Saskatchewan 11.7/8 89	100	102⅜	102⅞	0	+0⅞	11.06
S.N.C.F. 12⅜ 92 XW	100	101	101½	−0⅛	+0½	12.08
Statoil 13½ 89	100	107⅞	108⅜	+0⅛	+0⅜	10.95
S Wales Trsy 11¾ 00	150	101½	102	+0¼	+0⅜	11.27
Swed Exp Cred 12¾ 89XW	100	104⅜	104⅞	0	+0¾	11.30
Sweden Kingdom 11½ 89	200	100½	101	−0½	+0⅞	11.25
Sweden Kingdom 11¾ 94	100	100¼	100¾	+0⅛	+0⅞	11.63
Texaco Capital 12⅞ 87	300	103⅜	103⅞	−0⅛	+0⅜	10.94
Texaco Capital 13½ 89	200	106⅛	106⅝	−0¼	−0⅛	11.47
Toronto Dom Bk 12½ 89	100	101⅝	102⅛	0	−0¼	11.83
Walt Disney Pro 12½ 87	150	†103⅞	104⅜	+0⅜	+0¾	10.40
Weyerhaeuser 12¼ 87	100	102⅜	102⅞	0	+0⅜	10.90
World Bank 12¼ 94	100	103	103½	0	+0¾	11.64
World Bank 12⅞ 94	200	105⅞	106⅜	−0⅛	+0¾	11.79

Average price change On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	101⅞	102⅜	0	0	7.69
Austria Republic 7⅝ 94	200	101	101½	+0⅛	0	7.42
Baxter Travenol 7¼ 94	200	100¾	101¼	+0¼	+0⅜	7.09
Credit National 8¼ 94	200	102⅞	103⅜	+0⅛	+0½	7.82
Degussa Int Fin 7⅞ 94	100	103⅛	103⅝	+0½	+1⅜	6.96
E.E.C. 8 92	200	102¾	103¼	−0⅛	+0⅜	7.41
Escom 8 92	150	99¾	100¼	0	−0¼	7.98
Ferrovie Dello Stato 8 91	100	102½	103¼	0	−0⅛	7.38
Finland Republic 7 92	200	97⅜	97⅞	0	+0¼	7.45
Gould Int Fin 7⅝ 91	100	101¼	101¾	+0¼	+0¼	7.31
Ireland 8½ 92	150	102⅜	102⅞	+0⅛	+0⅛	7.83
Japan Fin Corp 7⅝ 91	100	102	102½	0	0	7.16
Mitsubishi Hvy 3½ 89WW	300	105½	106¼	+0⅛	+0⅝	1.92
Mitsubishi Hvy 3½ 89XW	300	91¼	92	+0⅜	+0⅜	5.97
Mitsubishi Met 3⅝ 89WW	100	96⅞	97⅞	+0⅜	+0⅞	3.75
Mitsubishi Met 5⅛ 89XW	100	90	90½	0	+0¼	6.98
O.K.B. 7½ 89	100	100	100¾	0	0	7.36
Pepsico O/S Fin 7¼ 94	250	101¼	101¾	+0¼	+1¼	7.01
Renown 3⅞ 90	80	97¾	98½	+0⅜	+0⅞	3.53
Reynolds O/S Fin 7⅞ 94	125	103	103½	0	+0½	6.98
Societe Cent Nuclear 8 91	100	102	102½	0	0	7.52
Sth Africa Rep 8½ 91	200	101⅝	101⅞	−0⅛	+0⅛	8.16
Sth African Tran 7⅝ 92	100	96½	97	0	+0⅛	8.21
World Bank 7¾ 89	100	101¼	101¾	−0¼	−0⅛	7.27
World Bank 8 94	200	103¼	103¾	+0⅞	+0⅜	7.43

Average price change On day +0⅛ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†102	102¾	[illegible]	[illegible]	[illegible]
Asian Dev Bank 6⅛ 95	100	†100¾	101¼	+0⅛	−0¼	6.01
Avon Cap Corp 5⅞ 94	130	†98	98¼	+0¾	+0½	5.68
Brit Land Comp 6⅛ 98	75	†103	103¼	[illegible]	[illegible]	[illegible]
Council of Europe 6 92	120	†101	101½	[illegible]	[illegible]	5.80
Creditanstalt 5½ 94	100	†97¾	98	+0¼	+0½	5.79
Deutsche Bk Fin 5⅞ 95	100	†99¾	100	+0¼	+0½	5.39
E.I.B. 5⅞ 94	120	†101	101¼	+0¼	+0½	5.71
Eurofima 5 97	100	†99	99¼	0	+0¼	5.10
Eurofima 5¼ 96	100	†100	100¼	0	0	5.23
Export Dev Corp 5⅜ 92	125	†99	99¼	−0½	−0¼	5.52
First Boston Inc 5¾ 94	60	†100¾	101	−0¼	−0¼	5.62
Gen Occidentale 4½ 94	80	†101	101¼	−0½	+0½	4.35
I C Industries 5⅝ 94	125	†100¼	100½	−0¼	+1¼	5.57
Ind Fund Fin 5¾ 94	40	†100¼	100½	+0¼	+0⅜	5.80
Int-Am Dev Bk 6⅛ 94	120	†101¼	101½	−0¼	−0½	5.93
New Zealand Govt 5¾ 94	150	†101	101½	+0⅝	+0⅝	5.57
N.Zealand steel 5⅞ 98	70	†99	99¼	+0¼	+0¼	5.85
Oberos Kiosk 5⅝ 95	100	†97¼	97½	+0⅝	0	5.73
Ost Donaukraft 5⅜ 95	70	†98½	98¾	−0½	−0⅛	5.56
Ralston Purina 5⅜ 94	125	†99	99¼	+0¼	+0¼	5.49
Santos Finance Ltd 6 94	130	†98¼	98½	0	−0½	6.24
Tokyo Elec Pwr 5½ 93	120	†99½	99¾	+0¼	+0¼	5.50
Tokyo Metropolis 5¼ 94	80	†96¾	97	+0¼	0	5.68
World Bk 5¾ 94	150	†100	100¼	+0¼	0	5.73

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	80	96⅞	97⅜	0	0	7.42
BP Overzee 7 92	17	99½	100	+0⅛	+0¼	7.04
Fed Nat Mort 6⅞ 92	50	97⅜	97⅞	0	+0¾	7.32
World Bank 6⅝ 00	25	97⅞	98⅜	0	+0⅛	7.00
World Bank 6⅞ 94	20	96¾	97¼	0	+0⅛	7.36

Average price change On day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 97 C$	125	†100⅛	100⅝	+0¼	+0¾	12.18
British Columbia 12 90 C$	125	†101⅜	101⅞	+0⅜	+1½	11.54
Can Nat Rail 12½ 95 C$	100	†102⅜	102⅞	+0½	+1¼	12.03
Chrysler Cred 12⅝ 92C$	00	†98½	99	0	+0⅜	12.88
Denmark 11⅝ 91 C$	100	†97¼	97¾	−0¼	+0½	12.22
Desjardins 12½ 00 C$	60	†99⅝	100⅛	−0⅛	+0½	12.53
E.I.B. 12 95 C$	75	†98¾	99¼	0	+0⅜	12.17
Nippon Kokan 11⅞ 92 C$	70	†99	99½	0	0	12.04
Giro Und Bk 10½ 93 ECU	60	104¾	105¼	+0½	−0⅛	9.80
World BK 10¾ 00 ECU	125	105⅜	105⅞	0	−0⅛	9.99
World Bk 10⅝ 94 ECU	75	105¾	106¼	+0¼	0	9.82
Akzo 7 90 FL	100	98¼	98¾	0	+0¼	7.37
Eurofima 7½ 92 FL	50	99⅜	99⅞	0	0	7.57
Philips Lamps 7½ 90 FL	100	101½	101⅝	+0⅛	+0⅞	7.16
Rank Xerox 8 90 FL	100	100⅞	101⅜	+0⅛	+0⅛	7.72
World Bank 7½ 90 FL	150	99½	100	+0⅛	+0⅛	7.56
Charbonnages 13⅞ 85 FF	400	101⅛	102⅛	0	0	10.94
American Brands 12 95 £	40	104⅛	104⅝	−0⅜	−0⅝	11.22
Amer Express 11⅜ 92 £	30	101½	102	−0⅛	−0¼	10.99
Australia Comm 11 92 £	40	97⅝	98⅛	−0⅛	−0½	11.45
BP Capital 10¾ 92 £	50	96⅞	97⅜	−0⅛	−0⅛	11.32
E.I.B. 11⅛ 93 £	50	97⅜	97⅞	−0⅛	−0¼	11.59
Iccr 12¾ 93 £	50	99½	99⅝	−0⅜	−0¼	12.88
Mcdonalds 10⅞ 00 £	40	97⅝	98⅛	−0½	−0¼	11.46
Norsk Hydro 11⅝ 91 £	50	102½	103	−0¼	−0⅝	10.94
Privatbanken 11⅞ 92 £	20	99	99½	−0⅛	0	12.25
Rank Xerox 11 92 £	40	96⅝	97⅛	−0¼	−0⅜	11.67
Royal Trustco 11⅞ 90 £	30	98¾	99¼	−0⅛	−0¼	11.64
Star Drug Cap 10⅞ 90 £	00	97⅞	98⅜	−0¼	−0⅜	11.38
Swed Exp Cred 11⅜ 92 £	00	98¾	99¼	−0⅛	−0¼	11.58
Tsthouse Forte 11⅛ 90£	50	97⅜	97⅞	−0⅛	−0¼	11.78
World Bank 11¼ 95 £	100	97¾	98¼	−0⅜	−0⅜	11.69
E.C.S.C. 10½ 94LF	100	102¾	103¾	0	+0⅛	9.91
Nat Lux Alum 10½ 92 LF	600	102⅞	103⅞	0	0	9.81

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100⅛	100⅝	11/10	9⅝	9.60
BankAmerica O/S 5¼ 98	0⅛	100	100¼	28/6	8.81	8.80
Bank of Montreal 5 95	0⅛	100½	100¾	29/7	8¾	8.70
Bankers Trust 5 2000	0	99¾	100	11/6	9.81	9.82
Bankers Trust 5¼ 95	0⅛	100	100¼	13/6	9.31	9.30
Barclays O/S Inv 5 2004	0⅛	100⅜	100⅝	4/9	10¼	10.20
Belgium 5 2004	0⅛	100⅛	100⅝	11/10	9.00	8.95
B.F.C.E. 5¼ 98	0⅛	100½	100¾	12/9	10.05	10.00
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/7	9½	9.77
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/6	9.05	9.06
Citicorp O/S 5¼ 95 Sep	0⅛	99⅞	100⅛	10/12	11.19	11.17
Credit Lyonnais 5¼ 96	0⅛	100½	100¾	11/10	9.00	9.03
Dai-Ichi Kangyo 5¼ 98	0⅛	100½	100⅝	13/6	10.06	10.02
Dresdner Fin 5¼ 89	0	100	100¼	25/5	9⅝	9.36
Ireland 5¼ 99	0	100¼	100½	14/8	10	9.95
Italy, Republic 5 94	0⅛	95⅞	100⅛	9/5	9.94	9.94
Lloyds Euro 5 2004	0⅛	99⅞	100⅛	10/12	9⅛	9.13
Midland Int Fin 5 99	0⅛	100⅜	100⅝	6/9	10.44	10.39
Nat West-Perp 5 89	0⅛	100¾	101	13/5	10⅜	10.29
Queensland Coal 5¼ 95	0¼	100⅜	100⅝	9/5	10.06	10.01
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	2/5	5¼	5.29
Societe Gen 5¼ 95	0	100⅛	100⅜	12/10	9½	9.46
Sweden Perp 5¼ 95	0¼	100⅛	100⅜	9/7	9.44	9.41
Tokai 5¼ 99	0¼	100⅜	100⅞	12/6	9.94	9.88
Toyo 5¼ 99	0⅛	100¼	100½	14/6	9.81	9.78

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1063.64	92⅝	93⅝	+0¼	8.37
Fanuc 3¾ 98	1/84	7032.3	106⅛	107⅛	−1⅜	35.18
Fujitsu 3 99	5/84	1320.9	93⅝	94⅜	−0¼	17.66
Konishiroku Photo 4 98	10/83	673	93¾	94¾	−0¼	2.27
Kumagai Gumi 3½ 2000	3/85	600	105	106	−1⅛	−1.40
Marui 3½ 99	7/84	1182	88⅞	89⅞	−0⅝	1.41
Mitsubishi Elec 2⅞ 00	3/85	422	94⅛	95⅛	+0⅜	0.38
Murata 5½ 99	2/84	2351.2	110⅝	111⅝	+0¼	22.25
Murata 3½ 2000	7/84	2298	108½	109½	+0⅛	23.19
Nippon Elec 2⅞ 2000	1/85	1295	87⅜	88⅜	0	30.39
Nippon Oil Co 3¼ 98	3/84	1052	85¾	86¾	+0⅞	13.30
Oki Elec Ind 3½ 98	10/84	805	86¾	87¾	+0½	16.84
Orient Leasing 5¼ 98	6/83	2680	98	99	+0¾	1.33
Sekisui House 3 98	8/84	812	89⅝	90⅝	−0⅝	−2.70
Sony Corp 2 2000	5/85	4578	92	93	−1⅛	−0.13
Sumitomo Corp 2⅞ 99	5/84	593	97⅜	98⅜	+0½	−1.27
Taiyo Yuden 3¼ 2000	3/85	1078	100	100¾	+0¾	2.85
Takeda Riken 3¾ 2000	10/84	7663	90¼	91¾	−0¾	12.66
Tokyo Sanyo Elec 3½ 99	12/84	772	90⅜	91⅜	−0⅜	6.34
Toshiba Ceramics 3 2000	4/85	1734.2	93¼	94¼	−0¼	1.44
Nippon Oil Co 2⅝ 92 SF	8/84	1052	†103½	105¾	+0⅝	12.45
Nippon Shinpan Co 2 92 SF	3/84	001	†99	99¼	−0½	15.24
Seibu Paper 2¼ 92 SF	4/84	677	†138	140	0	−6.54
Asics 6 92 DM	12/83	520	102	103¼	0	23.27
Sam Realty 6¼ 92 DM	2/83	865	208½	210	+1½	6.91

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Mitterrand manages to keep the lid on denationalisation debate

BY PAUL BETTS IN PARIS

PRESIDENT Francois Mitterrand closed the argument on denationalisation in France, for the time being at least, during a long television appearance late last month. He said that Renault, the car group which has reported record losses of FFr 12.55bn ($1.3bn) for 1984, and was until recently a symbol of successful French state ownership, would on no account be denationalised. He also defended vigorously the Socialist Government's record of nationalisation and went as far as suggesting that he had "saved" six major French industrial groups by nationalising them after 1981.

For the past couple of months, the debate on denationalisation had been growing in intensity. The right-wing opposition parties have long made it clear that they intend to denationalise a good number of state groups if and when, they return to power. But many opposition leaders are none the less divided on the eventual timetable, and the problems of many large scale of denationalisations. It is, however, seen as a useful electoral issue for the Right since the losses and continuing nationalised industrial groups add ammunition to the opposition's attack on the Left.

But until M Mitterrand's strong defence of the nationalised system this week, the Socialists themselves had helped to cast doubt on their policies of state ownership. Mme Edith Cresson, the Industry Minister, in what appears to have been in retrospect an unfortunate slip during a newspaper interview, suggested a few weeks ago that she was not opposed to denationalisations. M Mitterrand's own moves towards the political centre since the Communists left the coalition government last summer have provided further fuel for speculation about possible sell-offs. In this way, M Mitterrand could spike the opposition's guns before next year's general elections.

Adding to the excitement, several large nationalised industrial groups have sought to raise fresh funds on the private capital markets. Saint-Gobain, the nationalised glass group, received approval from the Government to sell 15 per cent of its packaging subsidiary to the public. Pechiney, the aluminium group, and Rhone Poulenc, the chemical concern, have both announced plans to raise capital by issuing the equivalent of non-voting preference shares called *certificats d'investissement.* Thomson, the electronics and defence group, is planning a road show at the end of this month to interest foreign investors in Europe in its imminent FFr 500m Eurobond issue.

In large measure, however, the controversy on denationalisation has been based on false debate. The government, which has been boasting of late about the return to profitability of some large groups, including Pechiney and Rhone Poulenc, has said that it has no intention of adopting a general policy of "nationalising losses and denationalising profits."

Mme Edith Cresson, Industry Minister, who made what appears to have been an unfortunate slip in a newspaper interview, and M Georges Besse, who has been asked to resolve the problems at Renault

Indeed, the recent results reported by several nationalised groups confirm a number of successes of nationalisation. The reorganisation of the heavy chemical industry around Elf-Equitaine, the state-controlled oil company, helped by firmer industrial prices has been accomplished with relative ease, and these chemical operations are now breaking even. The restructuring of Pechiney by M Georges Besse, who has now been given the task by M Mitterrand of resolving the problems of Renault, has been hailed as a model of its kind, although the group benefited from more than FFr 4bn in state support.

After an initial period of heavy intervention by government bureaucrats, nationalised industry managers have increasingly been able to run their businesses as private entrepreneurs, though within obvious limits. The rule from the government has been to return state groups to profit as soon as possible and especially in time for the 1986 general elections.

Yet the recovery and return to profit of several state groups have created new problems. The state at present is squeezed for funds to finance both the deficits of the steel and car sectors and the consolidation of the recovery of other groups. The government wants to contain total capital endowment funds advanced to nationalised industries to FFr 13.56bn this year, though the needs of the groups are far greater.

The steel companies and Renault lost a combined FFr 28bn last year, though these losses included heavy provisions, averaging FFr 4bn each, to clean up their balance sheets (and the opposition has not failed to point out that the provisions are probably not wholly unrelated to the 1986 elections).

At the same time, groups like Pechiney and Rhone Poulenc, which received capital endowments in the past, are no longer receiving them, because of their improved financiel fortunes. Yet this does not diminish their need for fresh capital to finance investments and growth, especially when many of their international competitors are financially stronger.

To try to resolve this funding dilemma, the government has made it easier for state groups to turn to capital market and private sources for funding. The new mechanisms have included non-voting loan stock called *titres participatif,* the new non-voting preference shares, and the possibility of offering minority shareholdings of subsidiaries to the public. Yet all these devices have not diluted the 100 per cent ownership of the holding companies which control the state groups. In this respect, the row about denationalisation has been misleadingly hased, for all the government has sought to do is to give state managers the ordinary tools of running a business. These include the possibility of raising funds from as many sources as possible as well as the freedom to buy and sell subsidiaries when management strategies or business opportunities dictate.

However, the charged political climate that has surrounded the netionalised sector since the Left came to power has led to different distorted interpretations of what have often been simple business decisions. When Saint-Gobain sought to acquire a large stake in Compagnie Générale des Eaux, the government was accused of rampant nationalisation. When Saint-Gobain offers 15 per cent of one of its subsidiaries to the public the government is accused of denationalisation.

M. Mitterrand may have put the lid on the denationalisation debate in France for the time being, but it is likely to be a temporary one. The issue of the state sector's industrial performance is bound to be one of the dominating subjects of the 1986 election campaign. The socialists will defend their record by pointing to the successes of some groups and the opposition will put the spotlight on Renault, where the government hopes M. Besse will produce another miracle.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); *retail sales volume (1978=100); retail sales value* (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
1st qtr.	104.0	99.0	103	107.7	122.7	2,998	147.0
2nd qtr.	101.8	99.7	107	110.2	130.1	3,026	154.0
3rd qtr.	102.2	101.2	107	111.1	133.3	3,076	165.1
4th qtr.	103.1	100.8	103	113.6	164.0	3,103	166.5
October	102.7	100.2	106	112.0	139.9	3,100	170.5
November	102.9	100.7	100	112.7	149.6	3,102	167.6
December	103.6	101.5	104	115.6	194.9	3,108	161.3
1985							
1st qtr.				112.6	133.9	3,138	157.5
January	105.2	101.3	100	111.6	134.4	3,124	157.2
February	105.0	102.2		112.0	130.2	3,144	156.1
March				113.8	136.5	3,147	159.2

OUTPUT—By market sector; *consumer goods*, investment goods, intermediate goods (materials and fuels); engineering output, *metal manufacture*, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
1st qtr.	100.1	93.9	110.5	96.2	113.5	95.9	16.2
2nd qtr.	101.3	95.4	105.3	97.7	106.1	97.2	18.0
3rd qtr.	102.0	97.2	104.5	100.1	109.4	96.0	16.2
4th qtr.	102.3	97.1	106.1	99.1	106.5	99.7	13.3
September	103.0	98.0	105.0	101.0	110.0	100.0	15.2
October	102.0	96.0	106.0	99.0	105.0	99.0	16.5
November	102.0	97.0	106.0	99.0	108.0	100.0	13.9
December	103.0	98.0	107.0	100.0	106.0	100.0	9.5
1985							
January	103.0	98.0	110.0	100.0	102.0	99.0	11.7
February	104.0	99.0	108.0	101.0	107.0	101.0	13.2
March							16.7

EXTERNAL TRADE—Indices of *export* and *import volume* (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
1st qtr.	108.7	112.1	− 57	+623	+2,322	97.3	16.75
2nd qtr.	107.3	117.1	−1,228	−592	+1,543	96.9	15.51
3rd qtr.	108.0	119.8	−1,643	−621	+1,804	96.7	15.26
4th qtr.	117.5	126.1	−1,327	+641	+1,468	96.1	15.52
October	115.4	131.2	−807	+201	+373	96.4	15.35
November	118.0	120.8	−177	+303	+352	95.9	15.50
December	119.2	126.2	−344	+136	+743	96.0	15.69
1985							
1st qtr.	118.5	124.8	−1,245	+ 16	+1,976	95.5	14.80
January	116.5	118.2	− 76	+341	+928	96.0	15.52
February	121.5	124.4	−270	+131	+681	95.0	15.35
March	117.6	131.8	−900	−456	+367	95.6	13.53
April							14.03

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
1st qtr.	4.1	10.1	8.2	13.6	2,609	2,868	8.50
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,870	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,809	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,941	9.63
September	4.4	7.8	4.0	2.4	887	891	10.50
October	6.7	18.5	9.6	11.4	1,125	1,003	10.50
November	9.9	27.3	18.6	17.1	363	967	9.63
December	12.2	27.2	12.1	22.4	1,004	971	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
January	5.0	9.0	13.6	16.3	823	1,166	14.00
February	3.1	− 5.0	4.6	13.3	474	1,008	14.00
March	− 1.3	− 1.2	9.2	16.0	214	972	13.50
April							12.63

INFLATION—*Indices* of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
1st qtr.	153.6	133.6	129.0	343.9	321.7	308.67	81.7
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
September	159.9	135.2	133.3	355.5	324.9	288.95	77.2
October	164.2	137.9	133.9	357.7	326.2	292.40	75.6
November	162.8	139.2	134.3	358.8	326.6	289.89	75.7
December	165.3	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.		146.2	136.6	362.9	332.8	295.22	72.0
January	163.4	145.3	135.9	359.3	330.6	296.98	71.5
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March		145.6	137.5	366.1	335.4	295.22	73.3
April		142.0	139.0			295.06	78.0

* Not seasonally adjusted.

Earnings ahead at Nippon Shinpan

By Yoko Shibata in Tokyo

NIPPON SHINPAN, Japan's largest consumer credit company, lifted pre-tax profits by 10 per cent to Y16.53bn in the year to March 31. Net profits advanced to Y7.15bn on turnover of Y162.85bn, an increase of 13.8 per cent.

Net earnings per share came out at Y29.31, compared with Y32.8 in the previous year. The term-end dividend remains unchanged at Y4.25 to pay a total of Y8.5 against Y8.25.

The company wrote off a Y1.3bn loss on dubious loans totalling Y2.4bn during the year, said Mr Nobutaka Shibuya, a senior managing director.

The loans were given to a real estate company in Nagano prefecture, as housing advances by using the name of the third parties and assessing collateral several times their actual value. The real estate company used the loans for operational funds but it went under in January.

Of the loans, Nippon Shinpan recovered Y400m and claims that a further Y200m is certain to be repaid, Mr Shibuya said. Out of the remaining Y1.8bn of bad loans, collateral was estimated at Y600m, leaving a loss of about Y1.3bn for the company. The company wrote off the loss by increasing depreciation funds by Y500m and setting aside reserves for bad loans of Y800m.

During the year, Nippon Shinpan's contract amount surged by 17 per cent to Y2,438.5bn. Operating revenue rose by 14 per cent to Y102.99bn.

Indian banks compete for deposits after deregulation

BY R. C. MURTHY IN BOMBAY

INDIAN COMMERCIAL banks are competing fiercely for deposits for the first time since the Reserve Bank of India (RBI), the central bank, introduced a measured deregulation in the country's highly controlled interest rate structure.

Control of interest rates on deposits of less than a year has been lifted and banks have been given freedom to set their own rates below a ceiling of 8 per cent.

When the deregulation came into effect a month ago, the large, government-owned domestic banks tried to stop rates from rising too highly by jointly deciding to set a new 4 per cent rate for a fortnight deposit, against 3 per cent earlier.

But foreign banks operating in India and private sector Indian banks have disagreed with the policies of the Indian Banks' Association, under whose auspices the nationalised banks fixed their 4 per cent interest rate.

Foreign banks say the IBA's uniform interest rates do not conform to the spirit of the Reserve Bank's advice on the freedom to individual banks to set their own rates. Bank of America was the first to deviate from the IBA, which later withdrew its advice to have uniform short-term interest retes.

The interest rate on 15-day deposit has zoomed now to the ceiling of 8 per cent, more than double the 3 per cent an Indian depositor received for this maturity only a month ago.

The partial deregulation experiment is part of the Indian Government's policy of exposing industry to competition and increasing its efficiency.

Its objective, says Dr C. Rangarajan, deputy governor of the RBI, is to provide an incentive for savers to shift their long-term deposits, which can attract a maximum 11 per cent for a five-year maturity, into short-term maturity and, in the process, cut the cost of funds for banks.

But the bankers see it differently. "When one bank raises its interest rate to 8 per cent, we will also have to lift it. We will have to see at the end of the year if we are in surplus or deficit," said Mr T. Tiwari, chairman of Bank of India, one of the top five commercial banks.

The Reserve Bank is monitoring banking developments, and hopes interest rates will ease once the present monetary stringency eases in the Indian economy.

Beer sales rise fails to boost SA Breweries

By Jim Jones in Johannesburg

SOUTH AFRICAN Breweries (SAB), the country's largest diversified consumer goods conglomerate, suffered from narrower trading margins in the financial year ended March 31 1984 even though the beer division, which has a monopoly of the domestic market, contributed a strong earnings increase.

The group's turnover increased by 11.3 per cent to R5.36bn ($2.66bn) from R4.82bn, but severe pressure on margins led to a 4 per cent decline in the trading profit before interest and tax to R354.4m from R369.1m. Interest charges rose to R132.2m from R79.8m.

The beer division increased volume sales by 7 per cent, which was the main factor in the increase to R141.6m from R126.6m in the earnings of the beverages division. Other divisions suffered from an estimated 3.5 per cent decline in real private consumption expenditure in the second half of the last financial year. The directors say that all sectors of spending have suffered.

Earnings increased to 80.4 cents a share from 79.4 cents last year and an unchanged total dividend of 36 cents has been declared.

Minebea interim profits up 91%

TOKYO—Minebea, Japan's leading maker of precision ball bearings, has reported parent company net income for the half year ended March 31 up 90.6 per cent to Y3.44bn ($13.6m) from Y1.8bn a year earlier. The company said earnings reflected a swift gain in sales and efforts to streamline unprofitable areas, such as its wheel operation.

Sales climbed 27 per cent to Y76.5bn from Y60.222bn a year earlier, while pre-tax profits rose 63.8 per cent to Y5.75bn from Y3.5bn.

Net per share advanced to Y15.78 on 218.4bn outstanding shares from Y8.41 on 217.8m shares a year earlier.

The company expects profits to remain fairly strong for the full fiscal year.

Minebea projects net income to rise 23.5 per cent to Y5.75bn, pre-tax profit to rise 25.4 per cent to Y11.5bn and sales to go up 19.7 per cent to Y156.5bn. It hopes to pay a year-end Y9.50 dividend, unchanged from a year earlier.

AP-DJ

Melewar to buy 60% stake in insurer

BY WONG SULONG IN KUALA LUMPUR

AMERICAN International Assurance, the Hong Kong incorporated subsidiary of American International of New York, is to sell off its 60 per cent stake in Malaysian American Assurance, a life and general insurance company listed on the Kuala Lumpur and Singapore Stock Exchanges.

AIA will sell its 3.6m shares of 1 ringgit each in MAA to Melewar Corporation, a diversified investment company owned by members of the royal family of Negri Sembilan state.

MAA's shares were last traded at 16 ringgit, but Melewar is understood to have purchased the controlling stake at less than 10 ringgit per share.

For the year ended December 1984, MAA's net profit after tax fell by 68 per cent to 665,000 ringgit ($270,000) while total net premium income rose 25 per cent to 8.4m ringgit.

AIA operates one of the biggest general and life insurance businesses in Malaysia and has been told to divest its stake in MAA because the Malaysian authorities do not want to see a foreign company having two insurance licences.

There are 63 insurance companies in Malaysia, 13 of them foreign owned.

Melewar Corporation is involved in property, finance, advertising, trading and travel, and is controlled by Tengku Abdullah, chairman of such major listed companies as Malayan Cement and MBF Holdings.

● Pilecon Engineering, the Malaysian construction group which was listed on the Kuala Lumpur and Singapore Stock Exchanges early this year, met its 10m ringgit profit forecast comfortably by reporting a pre-tax profit of 10.8m ringgit ($4.5m) for December 1984, representing a 30 per cent increase over the previous year.

However, as a reflection of the difficult times in the construction industry, Pilecon's profit margins came under pressure. Turnover rose by 193 per cent to 133m ringgit.

Profit after tax and a write-off of 677,000m ringgit in equipment of a subsidiary company was 4.4m ringgit—unchanged.

As promised in the prospectus, Pilecon is making a first and final dividend of 7.5 cents on the 35m shares of 50 cents each.

● Datuk Keramat Holdings, the Malaysian tin smelter, has sharply cut dividends, following a decline in earnings due to depressed tin prices and the low volume of tin smelted under export control.

For the year ended January, 1985, pre-tax profit fell 50 per cent to 9.18m ringgit ($3.8m) on turnover which fell to 443m ringgit.

Net profit after tax and extraordinary items amounted to 6.3m ringgit, a 40 per cent decline.

The final dividend is 45 per cent on the paid-up capital of 15m ringgit, making a total of 71 per cent for the year compared with 119 per cent previously.

Preussag AG, the West German metal and commodity group, is the holding company of DKH, which operates one of the two tin smelters in Malaysia.

IMPORTANT LETTER TO STOCKHOLDERS OF

GULF RESOURCES & CHEMICAL CORPORATION

from the Board of Directors

Dear Stockholder:

May 6, 1985

As you may know, an insurgent group calling itself "The Stockholders Committee For Leadership and Maximum Value" has indicated its intention to wage a disruptive proxy contest to oust your Board of Directors. You may be assured that your Board of Directors and management will act vigorously in what we believe to be the best interests of all stockholders. To that end, we have initiated litigation to enjoin what we consider to be serious violations of law which may have been committed by members of the insurgent group.

We believe that our record deserves your continued support. We urge you, if you have not yet done so, to sign, date and mail the WHITE proxy card on behalf of your Board.

WE HAVE KEPT OUR PROMISES

At the 1982 Annual Meeting, nine of the current thirteen directors were elected to the Board on a pledge to pursue the following program:

- To cause the Company to retain a nationally recognized investment banking firm to recommend alternative strategies for the redeployment of some or all of the Company's assets.
- To vigorously implement a plan for the redeployment of assets of the Company in order to maximize the value of the stockholders' investment.
- To make changes to improve overall management performance and eliminate unnecessary costs.

Our record clearly demonstrates that your Board of Directors has kept its pledges to the stockholders of the Company.

WE HAVE REDEPLOYED ASSETS

- Shortly after taking office in June 1982, the Board of Directors retained Goldman, Sachs & Co., a nationally recognized investment banking firm, to recommend alternatives relating to the redeployment of the Company's assets or the sale of the Company in its entirety. Following the receipt of the October 1983 Goldman, Sachs report, the Board concluded at that time that a sale of the Company in its entirety would not produce attractive values given the depressed state of the economy, particularly in the industries comprising the Company's primary businesses. However, based in part on the Goldman, Sachs study, a number of operations were sold or slated for disposition.
- Within five months of taking control, we took the final steps to rectify the severe cash drain of supporting the shut-down Bunker Hill operations by completing the sale of all of its assets for $15 million.
- In May 1984, the Company sold its IRECO Chemicals subsidiary for $45,000,000, at a gain of $7,420,000, net of income taxes.
- Last fall, the Board retained Citibank, N.A. Capital Markets Group to find prospective purchasers for a significant subsidiary of the Company. Citibank also explored the possibility of the sale of the Company in its entirety. In light of the unenthusiastic response to Citibank's inquiries, the Board decided not to pursue the sale of the Company in its entirety.
- Since June 1983, the Board has been pursuing the sale of the Company's unprofitable engineering services operations, BS&B Engineering Company, Inc. Those operations lost money from the date first acquired by prior management in 1979.
- The Board is currently negotiating with several prospects concerning the sale of certain of the Company's properties and will continue to vigorously pursue like opportunities.

WE HAVE CUT COSTS AND ELIMINATED PERQUISITES

Since taking office in June 1982, your Board of Directors has reduced operating expenses by:

- Disposing of the Company's jet airplane.
- Disposing of an executive suite at the Regency Hotel in New York City.
- Eliminating eight unnecessary home office management positions and associated support positions.
- Reducing the number of employees involved in continuing operations from 1,940 as of the end of 1981 to 1,550 as of the end of 1984.
- Closing unproductive offices in Bermuda, Hong Kong and Madrid.
- Reducing the cost of management meetings by holding them locally rather than at remote resort locations.

WE HAVE IMPROVED FINANCIAL PERFORMANCE

As you know, your Board of Directors first obtained control of the Company in mid-1982. From the end of 1982 to the end of 1984, several significant improvements can be noted:

- Income from continuing operations (before extraordinary items) has increased 24%, from $11.6 million to $14.4 million.
- Long term debt has declined 20%, from $223.9 million to $177.4 million.
- Stockholders' equity has increased 30%, from $90.8 million to $117.6 million.

WE PROVIDE INDEPENDENT LEADERSHIP

- Only one of the thirteen management nominees is an officer of the Company. The objectives of your Board are aligned with your objectives. The Company's largest stockholder is a member of the Board. Maximization of stockholder value is the foremost concern of the Board.
- Your Board has vigorously pursued the implementation of the program it launched in 1982. During 1984 alone, the Executive Committee of your Board held twenty-nine meetings.
- The Board of Directors has recently elected Donald D. McCuaig as President and Chief Executive Officer and a member of the Board of Directors of the Company. Mr. McCuaig has substantial experience in oil and gas and investment banking, having been previously associated with Exxon Corporation and The First Boston Corporation.
- In October 1984, the Board of Directors approved the appointment of Peat, Marwick, Mitchell & Co. as the Company's independent public accountants for 1984. This decision in no way reflected any dissatisfaction with the services of the Company's prior accountants, but was based upon the belief that, as those accountants had served continuously as the Company's outside auditors for the past thirty years, a change was then in order.

THE INSURGENTS ARE INEXPERIENCED

- The self-proclaimed "Stockholders Committee For Leadership and Maximum Value" was organized ostensibly to present an "alternative slate of nominees." Yet the insurgents have only proposed nine nominees for a board of directors composed of thirteen members.
- The insurgents' partial slate is comprised of persons with no apparent experience in the management of a U.S. publicly held corporation such as Gulf Resources.
- Members of the insurgent group own less than 6% of the outstanding Common Stock of the Company, substantially all of which was acquired within the last three months. In comparison, members of your Board have owned more than 20% of the outstanding Common Stock continuously for over three years.
- In 1982, the Co-Chairman of the insurgent Committee, McKane, was a participant in an unsuccessful proxy contest to oust the then current Board of Directors.

THE INSURGENTS HAVE NO PROGRAM

The insurgent group's so-called "program" offers no specific course of action. At no time has any member of the insurgent group requested of the Company management that it consider any recommendation to create value for the stockholders. Unlike the insurgents, your Board has intimate knowledge through three years of study and experience of the opportunities available for maximization of stockholder value.

VOTE YOUR SHARES FOR THE MANAGEMENT SLATE

If you agree that your best interest as a stockholder will be served by maintaining the present Board of Directors in office, you must make sure your WHITE proxy card is received by the Company no later than Monday, May 13. If you have not already voted, please sign, date and mail the WHITE proxy card as soon as possible. If you have already signed, dated and mailed a WHITE proxy card, you need not take any further action. However, if you have previously executed a BLUE proxy card for the insurgents, it is imperative that you revoke that card immediately by signing, dating and mailing the WHITE proxy card as soon as possible. **Remember, it is the latest dated proxy that counts.**

If your shares are held in the name of a brokerage firm or bank nominee, only they can execute a proxy on your behalf. Please call Georgeson & Co., Inc., our proxy solicitors, in New York, U.S.A., collect at (212) 440-9800, for immediate assistance.

IF YOU HAVE ANY QUESTIONS OR DIFFICULTY VOTING PLEASE CALL GEORGESON & CO., INC., IN NEW YORK, U.S.A. COLLECT AT (212) 440-9800.

TIME IS OF THE ESSENCE, PLEASE RESPOND QUICKLY!

Sincerely,
The Board of Directors
Gulf Resources & Chemical Corporation

Costain's £54m surprises the City

Costain Group has bettered—by around £4m—City estimates of its pre-tax profit for 1984 with a 17 per cent rise to £54.34m.

The profit increase represents a move off the plateau which Costain has occupied for several years. Last year's £46.44m was still lower than the result achieved in 1978.

Mr Terrel Wyatt, the chairman, sees strong potential for growth, and expects e further increase in both turnover and profits in the current year, provided the trend of the first few months is maintained.

The company estimates that it benefited from the depreciating pound to the tune of around £63m on translation of turnover of overseas companies, and related profits of around £4m.

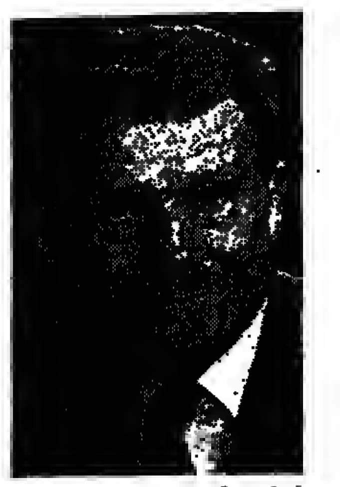
Recent group policy has been to build up mining activities, especially in the U.S., to fill the gap left by the collapse of international contracting, and this has been reflected in the large increase in U.S. turnover, from £99,000 to £145,000.

Mining activities also increased sales, by a margin of 45 per cent to £135,000, but the taxable return was lower than expected at £12.11m against £11.96m.

This, however, was more than offset by a higher than forecast £4.07m increase in profit from the group's property development activities, which produced £11.35m on sales £1m lower at £18m. This was mainly due to the performance of the Australian company.

Two thirds of total group turnover, which rose from 723m to 846m, was generated overseas.

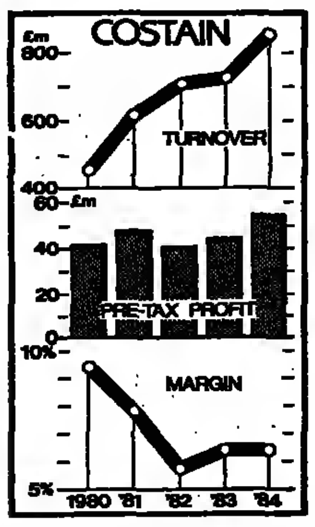
A final dividend of 9p, 1p np on last year, makes for a 1.5p increase in the total of 15p. Earnings are stated at 46.7p per share against 42.6p.



Mr Terrel Wyatt, the chairman

In his review of the trading year, the chairman considers that the group made significant progress in increasing its coal mining activities in the U.S., increased further the number of new homes sold in tha UK, and acquired companies which extended its range of skills as a contractor.

Most recently Costain paid £36m for Industrial Fuels Corporation, a U.S. coal mining and marketing company. Also in 1984 the group pulled out of the Canadian housebuilding market with the disposal of its associate company there for £23m. Acquisitions, however, were "not really significant in relation to the whole," said the chairman.



The UK is still the largest contributor to turnover, with sales np from £275m to £337m in 1984. Sales in Australasia and Africa also moved ahead, from £129m to £140m and from £63m to £70m respectively. The only downturn cama in Asia, where turnover slipped from £157m to £154m.

By activity, contracting remains by far the largest contributor to turnover, with sales of £577m compared to £513m. Profits, however, rose only slightly from £25.8m to £26.15m.

Housing edded £116m to sales (£98m) and produced taxable profits of £4.73m, a more than three-fold increase.

Mr Wyatt said that the hig increase came as the number of homes huilt jumped from 777 to 1,389. "We are gaining market share and moving up towards 2,000," he added.

After e tax charge of £14.89m (£10.99m) minorities accounted for £6.98m (£5.82m) and there was an extraordinary debit of £3.94m (£1.62m credit). The retained balance for the year came out lower at £18.12m against £21.88m.

● **comment**

At first sight, Costain's results for 1984 gave the market a pleasant surprise. Pre-tax profits were about £4m over analysts' expectations and as a result, the shares rose 14p to 390p. But closer inspection revealed the make-up to be as unpredictable as the final result. Property profits for instance, jumped by £4m thanks toa hefty contribution from Australia. But profits from mining, on which Costain had pinned great hopes, did little more than stand still on turnover up by a half. A combination of contracts struck at low coal prices, lower production from Britain and Jordan, and high financing costs for acquisitions apparently caused this pressure on margins; some of which should not be repeated in the current year. Housing profits, meanwhile, trehled — Costain built 1,389 houses in the UK last year, nearly double the year before—and should continue to rise, though their contribution is still dwarfed by contracting and mining. Since the future for international contractors is bleak as developing countries learn the skills themselves, companies like this need to find other sources of earnings. But Costain still has to prove that U.S. coal mining will be a profitable enough alternative.

Silentnight profits slide as competition bites

REPORTING a £3m profit slump for the 1984/85 year, Mr Tom Clarke, chairman of Silentnight Holdings, says that the group has also made a very disappointing start to the current year.

The result for the year to February 2 1985, which showed a taxable profit down from £5.24m to £2.23m, reflected the intense competition which continued at hoth manufacturer and retail level in the furniture, upholstery and bedding industry. The downturn was especially acute in the second half, when profits fell from £3.15m to £1.13m.

The final dividend is held at 1.75p for an unchanged total of £2.75p, with stated earnings per share of 6.29p, down from 11.58p.

Despite the disappointing result, and helow-the-line dehits of £1.33m relating to the disposal of the Colne Valley Leasing offshoot, reorganisation and redundancies, Mr Clarke says that the balance sheet remains strong, with shareholders funds showing a small increase over last year. Fixed assets were up from £19.99m to £21.77m, and also assets per share at 49.1p (48.3p).

Turnover rose from £76.67m to £79.79m. The chairman points ont that over the past five years the group's workforce has been cut by 20 per cent, but turnover has gone up from £64m to the present figure — "a substantial increase in productivity.

"Improved efficiencies, particularly through product innovation linked with quality, is expected to restore our profitability," says Mr Clarke, but adds that it would not be prudent to make any short or medium term forecasts in what he considers is a volatile industry.

He says that investment in 1984 continued at the £5m level, largely for a new spring-making plant for the new Super Sleeper bed. This was achieving "spectacular results" for some retailers, but it would be the second half of the current year before the investment begins to pay off. Ha expects any improvement in the present level of trading to reflect quickly in group profitability.

Interest charges were higher this time at £644,000 against £321,000, but there was a tax credit of £598,000 (charge £30,000).

Attributable profits emerged at £1.51m (£5.21m), and after an unchanged distribution of £1.24m the company retained £268,000 (£3.97m).

Improvement at Five Oaks

PRE-TAX profits at Five Oaks Investments, property developer and investor, advanced from £71,968 to £109,381 in the six months to end 1984, and the directors say that they are concentrating on seeking and carrying out profitable developments and improving the company's asset base.

The development at Park Place, St James's, London was let to Canad Permanent Mortgage Corporation and the Prudential completed its purchase of this investment.

The sale of the company's development at Banbury to Britannic Assurance was completed and several lettings have been achieved in the refurbishment scheme at Stockport. The second phase of this is under way.

The company has acquired a prime site for an office development of approximately 17,000 sq ft in Uxbridge close to the M25. Construction will commence in early June.

The high technology facility at Newport, prelet to Inmos, has been under construction. Following the end of the half-year, this property was sold to e client of Aurit Services, e subsidiary of J. Rothschild Holdings, close to the asking price of £2.8m.

Turnover for the six months rose from £1.82m to £2.89m. The tax charge came to an unchanged £1,739 for earnings per 5p share at 1.65p (1.46p).

LMI extends £44m bid

London & Midland Industries yesterday extended its contested £44m take-over bid for Allied Textile Companies until May 24, having picked up acceptances covering just 0.117 per cent of ordinary shares by the first closing date of its offer.

LMI, an industrial holding company, has allowed its partial cash alternative offer to lapse. This had been accepted by the holders of 0.01fi per cent of ordinary shares. It reserves the right to re-introduce a cash alternative later in tha bid.

LMI is offering 13 of its shares for every 5 in ATC, a Huddersfield-based textile and investment group. LMI shares closed unchanged last night et 183p, which values each ATC share at 475.8p. ATC shares closed unchanged at 485p.

LMI, which held 13.3 per cent of ATC's shares before launching its bid, said the board of the target had failed so far to show that the offer was "anything other than generous."

Linread

...Mr D. G. Lynall, chairman of Linread, said at the AGM that "results for the first quarter of 1985 in the UK give us some encouragement. All units are operating profitably and show improvement on last year.

"Our order books are at a higher level and we look forward to further prgress," he said.

COMPANY NEWS IN BRIEF

Reuters is to hold its annual meeting tomorrow at 10.30 am at the Institute of Chartered Accountants, Great Hall, Moorgate Place, London, EC.

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North West Securities, a Bank of Scotland subsidiary, has increased pre-tax profits for 1984 by 14 per cent to a record £17.2m, and represents some 21 per cent of its parent's profits.

Turnover for this personal finance and banking services company rose 23 per cent to £337m. It has assets of £830m.

* * *

Yearling bonds totalling £5m at 12 1/16 per cent, redeemable on May 14 1986, have been issued by the following local authorities: Eastleigh (Borough of) £0.25m; Medina BC £0.25m; St Helens Metropolitan BC £0.5m; Fife Regional Council £1m; Hammersmith and Fulham (London Borough of) £2.5m; Cumnock and Doon Valley District Council £0.5m.

* * *

Net assets/attributable to all shareholders equity of the Berry Pacific (Sterling) Fund at March 31 1985, amounted to £31.75m, compared with £33.34m a year earlier. Net income for the year totalled £262,704 (£270,329).

* * *

Taxable profits declined from £103,335 to £45,009 at Sterngard in 1984 as a result of a sharp fall in income from fixed asset investments from £65,945 to £1,143. Turnover slipped from £53,812 to £41,858. After tax at £13,336 (£39,437) earnings per share are stated at 0.72p (1.45p). There is no dividend for the year.

* * *

The directors of E.R.F. (Holdings) have decided that it is still not prudent to pay the dividend on the 10 per cent cumulative preference shares due April 30 1985.

* * *

Bowater Packaging, a subsidiary of Bowater Industries, has eccepted an offer from Crest Packaging for its flexible packaging and folding carton husinesses located at Gillingham, Kent. Bowater Packaging will receive a sum approximate to the written down book value of these interests. The value of assets disposed of represents less than 2 per cent of Bowater Industries' net assets.

* * *

The Metal Box company is buying Chek Print of the U.S. for $2.7m (£2.2m). This follows the purchase in April of Clarke Checks and further develops the company's strategic plan to become a major force in the U.S cheque printing business.

* * *

Manders (Holdings) has acquired the Central Arcade Wolverhampton, a private property company. The purchase price has been satisfied by the issue of 231,250 new ordinary shares in Manders and £2.51m of nominal of unsecured loan stock.

Interest gains help Cluff cut losses

Cluff Oil, the petroleum and minerals exploration company headed by Mr Algy Cluff, saw operating losses rise marginally in 1984, but largely thanks to higher interest received the pre-tax deficit is reduced from £1.4m to £635,000.

The company has yet to show a profit since its admission to the USM in 1980.

Group turnover more than doubled in the year mainly as a result of gold revenue from production in Zimbabwe, which began in June, and increasing oil and gas sales in North America and France.

Revenue in the current year from the American and French interests is expected to be broadly in line with 1984, but a substantially increased contribution from a full year's production from the Royal Family Mine in Zimbabwe is anticipated.

The £15m realised from the acquisition of Oil and Associated Investment Trust — its purchase by Cluff in February of last year effectively amounted te a rights issue by realising the trust's investments to raise cash for exploration—has been used to repay bank borrowings. These were cleared by March 31 last, leaving Cluff with substantial cash balances.

The final payment to the holders of convertible A share warrants was made on December 31 1984.

Gross profit in the year under review came to £499,000 against a restated £466,000, after depreciation, depletion and amortisation totalling £1.53m (£633,000).

The operating loss emerged after exploration costs written off of £7,000 against £89,000, edministration expenses of £1.97m (£1.6m), other onerating income £608,000 (£341,000), and the share of losses of releted companies £281,000 (£94,000).

The taxable result includes interest received substantially ahead at £966,000 against £293,000.

Tax took £183,000 up from £173,000, and minorities were £103,000 (£28,000).

The loss per share is reduced from 7.9p to 2.3p. As in each year since the USM quotation, there is no dividend.

● **comment**

Cluff Oil is a mystery to most and certainly the preliminary statement will not have cleared up the picture very much. The company is at least simplifying its equity by a capital restructuring to produce a single class of ordinary shares to replace the three kinds of shares currently issued. This should be achieved by the end of June if all things go according to plan. Future prospects are very dependent on the results of the well expected to be sunk of China in the south Yellow Sea in late summer. Currently Cluff has just under 50 per cent of the project, an amount which wenld certainly strain the group's cash flow. The process of farming in parts of the costs is said to be advanced although eil in China no longer rates the excitement it ence did as discoveries to date have been slim. Nevertheless the block to be drilled has at least one major structure in it and provided the drilling results are good then the shares could conceivably go through the roof (when Cluff got the licence originally they doubled in half an hour). For 1985 the analysts are looking for breakeven — and possibly even a small profit provided that currency factors do not turn too unfavourable. The shares closed unchanged at 55p.

U.S. property operations give EuroFerries a boost

THE European Ferries Group, which so far this year has made headlines with the purchase of P & O Normandy Ferries and a £60m property deal with Stockley, saw its 1984 profits rise from £39.5m to £45m, pre-exceptional items.

Most of the improvement stemmed from property operations in the U.S. where profits pushed ahead from £12.7m to a record £14.6m. Group turnover totalled £309.4m, down from £322.9m.

After taking account of a £0.3m deficit on the disposal of ships, compared with a previous surplus of £5.9m, group pre-tax profits for the year declined from an adjusted £45.4m to £44.7m.

However, a final dividend of 3.2p lifts the total from 3.8p to 4.3p net per 2.5p share.

In the shipping division the tourist market remained stable in volume terms and freight rates picked up significantly although competition depressed rates.

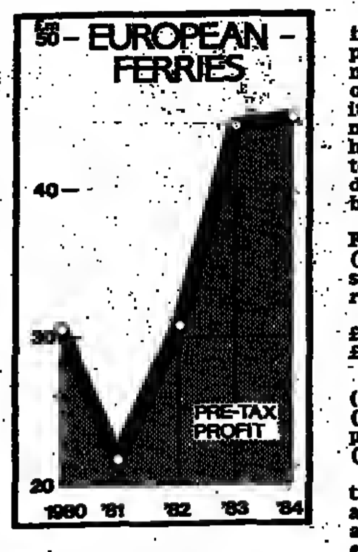
Shareholders are told that a major capital investment programme is under way. Two freight ships were purchased last December for £21m and four ships are heing converted and enlarged during 1985 and 1986 for some £30m.

Plans for further investment in new ships are expected to be announced before the autumn.

Mr Kenneth Siddle, the chairman, says the £12.5m acquisition of P & O Normany Ferries in January of this year has enhanced Townsend Thoresen route structure, enabling a more comprehensive service to be offered to the travelling public.

In the harbour operations division both the port of Felixstowe—described as the "premier container port in the British Isles"—and Larne Harbour progressed during the year while continuing to work to "practical capacity."

Work has commenced on the £45m expansion to increase Felixstowe's container handling capacity by over 50 per cent. Mr Siddle says that in 1986 the largest container ships in existence will be eble to make Felixstowe one of their ports of call.



Last month Euroferries effectively merged the majority of its UK property interests with those of Stockley and will be the largest shareholder in Stockley.

In overseas property 1984 saw much reorganisation to bring the group's various investments into one corporate structure, under the control of one effective management team in a new U.S. holding company, EF International.

Profits in the U.S. were a record £14.6m and demand for the group's product continues to strengthen.

Mr Siddle says sales of land and joint venture interests enabled the group to purchase the strategic 1,000 acre Meridian office park during August 1984.

He adds that new management policies and further development at tha La Manga Club are expected to improve results from 1985 onwards, leading to profits in 1986.

The chairman points out that in pursuing the group's corporate strategy there has been much reorganisation and sales of businesses which did not meet its criteria for long-term investment and whose retention may have reduced the group's ability to put proper resources at the disposal of the remaining business.

The investment in Singer & Friedlander realised £52m (gross) and the 20 per cent stake in Television South realised £6.5m (gross).

Tax for 1984 fell by £1.1m to £9.3m and left the net balance £0.4m ahead at £35.4m.

Minorities accounted for £1.1m (£1.3m) and extraordinary debits (preference dividends and employees' profit share) for £3.2m (nil).

Earnings per share pre-exceptional items, extraordinary items and employees' profit share amounted to 15.9p (13.2p). Pre-extraordinary items and employees' profit share the figure was 15.7p (16p).

A divisional breakdown of profits before exceptional items shows: shipping £17.5m (£16.8m), harbour operations £9.9m (£9.5m), banking (sold April 1984) £2.5m (£6.6m) and property — U.S. £14.6m (12.7m) — Spain £4.3m loss (£3.4m loss). Head office interests added £0.9m (took £2.4m).

The 1983 results have been restated to take account of the mergers between European Ferries Group and European Ferries in September 1984, and between Ned S. Holmes Investments and EF International, a U.S. subsidiary, in April 1984.

In addition, the group has changed its accounting policy on exchange differences so that amounts previously treated as extraordinary items are now taken directly to reserves and has also increased rates of depreciation on surfaced areas in its harbour operations division so as to obviate the need to make major maintenance provisions.

See Lex

Sturge moves closer to SE listing

Sturge Holdings, the large large independent Lloyd's underwriting agency, yesterday made further preparations for its Stock Exchange listing, which it expects to seek in the near future.

Part of the share premium account is to be capitalised. The directors are recommending that e sum of up to £1.77m, being part of the amount standing to the credit of the company's share premium account, be capitalised by the distribution to shareholders of up to 8,861,337 new ordinary shares of 20p each on the basis of one new ordinary share for every two existing shares held.

The company's articles of association are to be altered. The amendment of the articles has been required by the committee of the Lloyd's insurance market and would enable the directors to procure the disposal of any shareholding of 10 per cent or more in Sturge Holdings if it did not meet with the approval of the committee of Lloyd's.

An extraordinary general meeting of shareholders has been called for May 31.

City of Oxford

Net asset value per 25p share of the City of Oxford Investment Trust rose by 38.7p to 255.4p over the 12 months ended March 31 1985. Gross revenue improved by £97,000 to £524,000 and after tax of £140,000 (£112,000) net profits came through at £305,000, against £251,000. Earnings per share amounted to 7.48p (6.15p) and a final dividend of 4.75p lifts the net total to 7.25p (6.1p).

London Park up 22% and buoyant start to 1985

London Park Hotels, e 75 per cent owned subsidiary of Rushlake Hotels, yesterday reported a 22 per cent increase in taxable profits for 1984 and said that trading in the first quarter of the current year was buoyant.

The taxable result for 1984 was up from £487,000 to £594,000 and although it included much higher net interest receivable of £286,000, against £62,000, there was no contribution from the hostels business, which was sold in 1983.

Turnover, exclusive of hotsels, rose from £4.33m to £5.04m and Mr D. W. Hardy, the chairman, says the board believes that London Park group is now in a position to take full advantage of strong demand for good hotel facilities in London at reasonabla prices.

Operating profits before central costs amounted to £589,000, compared with £666,000 which included a £402,000 contribution from hostels.

"I am confident that 1985 will see a significant increase in the profitability of the group," says Mr Hardy.

In January 1985 the company sold the Hount Pleasant hotel for £3.88m, which was £1.41m in excess of book value. This transaction was followed in the same month by the purchase for £7m of the Plaza hotel and also the Royal Angus for £3.05m—both acquisitions were funded from existing resources and bank borrowings of £6.5m.

The group, formerly Rowton Hotels, also owns the Grand, the London Park, and the Mill. Mr Hardy says that the rst stages of a modernisation programme in line with the policy to operate in the three- and four-star hotel market are currently in progress at the Grand and the London Park.

"There is general confidence in the prospects for the hotel sector in terms of both trading and profits on 1985," he says.

The dividend total for 1984 is being held at 7.38p by an unchanged final payment of 4.23p. Earnings per share rose from fi.07p to fi.64p after tax of £260,000 (£173,000)—extraordinary items, being mainly capital gains tax credits less reorganisation costs, added £204,000 (£1.62m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barr & Wallace Arnold...	5	July 5	4	7	6
City of Oxford Tst	4.75	June 26	4.1	7.25	6.1
Costain	9	July 1	fi	15	13.5
European Ferries†	3.2	July 4	2.7	4.3	3.8
External Inv Tst	6.5	July 15	5.75	12	10.75
London Park Hotels ...	4.23	July 25	4.23	7.38	7.38
Miles 33‡	2.75	—	2.5	2.75	2.5
Nesco Invs ....int	1	July 1	3.5	—	3.5
Silentnight	1.75	—	1.75	2.75	2.75
Valin Pollen‡ ....int	1	July fi	0.6	—	2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Martin Dickson on the trend highlighted by Haden's novel defence

Buy-outs enter the bid arena

IS BRITAIN in the process of importing a new financial fashion from the U.S.—leveraged management buy-outs of sizable quoted companies?

The question is raised by Haden's recent announcement that it has managed to get institutional support for a £55.8m management buy-out that tops by 50 per cent the value of the hostile bid launched for the engineering company by Trafalgar House.

Management buy-outs have been popular in Britain for some years as a means for companies to dispose of unwanted subsidiaries. But the Haden deal is in an entirely different league.

Firstly, it is for a quoted company; secondly, it is the biggest buy-out yet attempted; thirdly, it is a landmark in takeover history, since this is the first buy-out organised as a defence in a bid battle.

Initial City reaction to the Haden deal suggests that it is the start of a similar trend here—though the practice is likely to develop gradually and never reach the proportions of tha U.S. where, as it happens, institutions have been taking somewhat more cautious approach to legeraged deals in recent months.

"I feel certain there will be more of these," says Mr Nick MacAndrew of Schroders, the merchant bank which initiated the Haden deal and is keen to become a major player in the buy-out business. "But institutional investors will wish to tread quite carefully, see how this one goes, and take other ones on their merits."

That viewpoint is echoed by other City firms which specialise in buy-outs and by some pension funds though certain of the country's large institutional investors are more sceptical. "I think this kind of thing is a bull market phenomenon," says Mr David Tucker of the M & G unit trust group.

Going tha buy-out route has several obvious advantages for a company on the receiving end of an unwelcome bid: it allows the firm to retain its independence; it allows managers not only to retain their jobs but to take a sizable slice of the equity; and, by raising the value of a bid, it can secure a better deal for existing shareholders.

But it has one major disadvantage, in terms of takeover tactics: it forces management to put a firm value of the business, which the hostile predator can then just top, if he thinks lha company worth it. The threatened company can then hardly turn round and accuse the predator of undervaluing it. Haden, for example, is still waiting to see how Trafalgar responds to its defensive initiative.

Tactics apart, no buy-out can succeed without institutional backing, and that is only likely to be given on a very selective basis and—initially at least — come predominantly from organisations which have a history of venture capital financing.

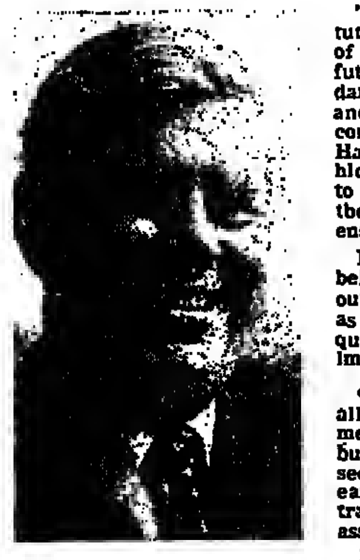
Haden's backer's, for example, read like a "who's who" of UK buy-out financing, including names such as the Electra and Globe investment trusts, Citicorp Venture Capital and Candover Investments.

For the non-specialist investor, the knowledge that some past buy-outs have produced some very attractive returns will be balanced by the inherent risks of such an investment and concern over the lack of a market quote.

Some institutions will invest only in listed companies and many others would only be prepared to invest in a buy-oot if they could see a relatively high rate of return and a sizeable capital gain, with the company returning to the market for a road listing, a few years down the road (as appears to be the plan for Haden).

"Wa'd have to have an 'out' before coming in on one of these deals." says the manager of one large portfolio.

All of which limits the number of companies which could bope to mount a successful buy-out against the background of e bid. "You need," says one venture capital practitioner, "a company with a really solid management, good cash flow, a solidity about it, so that people can helieve in the deal, and preferahly some assets thet can be reelised to rednce the level of debt."



Mr Michael Stoddart, chief executive of Electra and chairman of the consortium company formed to bid for Haden

You also, of conrse, need to convince buy-out Investors that the company really is worth more than the predator company is prepared to pay, which at the very least means showing that a previously poor performing company is putting its house in order. Haden, for example, has just undergone a substantial restructuring following several years of poor results and is forecasting pre-tax profits this year of not less than £11m, compared to £3.6m in 1984.

So the number of cases where buy-outs are feasible in takeover bids is likely to prove limited—certainly far more so than in the U.S., where such deals are facilitated by different regulatory and financial conditions and the frequent use of high coupon "junk bonds" to finance leveraged packages.

"A number of investing institutions believe this is a way some of their funds will be used in future," says Mr Michaed Stoddart, chief executive of Electra and chairman of the consortium compaoy formed lo bid for Haden. "But everyone who is bid for should not come running to Electra and Globe, because they might get a rather dusty enswer."

However, some City analysts believe that management buy-outs will develop in tbe UK—as io the U.S.—amoog sizeable quoted companies not facing the immedinte threat of e takeover.

Companles which might be allracted to this route, the argument goes, are soundiy based businesses in unglamorous sectors on relatively low price/earnings ratios, particularly any trading at a discount to net asset value.

However, initiating any such package would be freught with difficulties: for one thing, it could open a Pandora's Box and prompt a predator to pounce, thus setting off the takeover the company was so keen to avoid. Secondly, existing ehareholders might accuse management of failing to produce the goods for them, while preparing to do so for themselves.

Nevertheless, says Schroder's Nick MacAndrew, "there are circumstances in which I could conceive of a company not in a bid situation doing this, if equity in any new issue was offered as least in part to existing shareholders."

Whether this happens or not, increasing amounts of capital—both UK end American—are being mobilised to back buy-outs among both British quoted and non-quoted companies.

Schroders, for example, is in the process of setting up a special buy-out fund financed by a "elub" of selected UK and U.S. investors.

And Electra and Globe are believed to have plans for a predominantly British-backed fund under active consideration.

Motor side helps Barr & Wallace to £1.3m

THE MOTOR distribution side once again made the largest contribution to taxable profits in 1984 at Barr and Wallace Arnold, which is also engaged in coaching, holidays and fuel distribution.

The directors of this Leeds-based group say that while the pre-tax result for 1984 shows a 15.7 per cent increase, from £1.13m to £1.31m, attributable profit more than doubled to £1.79m (835,000). This mainly reflects consideration for goodwill from the sale of the compuler services subsidiary.

The total dividend payment is being lifted from 6p to 7p with an increased 5p (4p) final. Stated net earnings per sbare rose hy 2.5p to 18.5p.

Mr Malcolm Barr, the chairman, says that the motor distribution division, with profits op from £1.22m to £1.6m, has produced another set of "excelleot results," while the achievement hy the fuel distrihution division, is commendable in the light of the mild weather during 1984. Profits of this division fell from £208,000 to £177,000.

A £180,000 loss (£274,000 profit) was incurred by the leisure and holidays division. This was predicted in the interim statement, and reflects the continned fierce competition and difficulties in the holiday market, the chairman says.

Computer Services made its final contribution with a bigber £142,000 (£45,000). Last July the group sold lls Data Sciences International subsidiery for £1.4m. An extraordinary credit of £863,000 (debit £137,000), mainly reflects proceeds received over book velue. Also included as extraordinary items are the sale of certain propertias and of the Inn-Tent leisure subsidiary during 1984.

Although turnover during the year was ahaad at £120.46m (£116.78m), trading profit fell slightly from £2.33m to £2.24m. The pre-tax result was struck after lower net interest charges of £935,000 (£1.21m).

Valin Pollen surges 81% and maintains growth rate

Valin Pollen International, the advertising aod public relations group, sustained its rate of growth in the six months to March 31, 1985, and is lifting its interim dividend by 0.4p to 1p net per 5p share.

Pre-tax profits for the opening half year surged from £280,000 to £507,000, an increase of 81 per cent, and the rate of growth is being maintained in the current period.

For the 1983/84 year the group reported profits up by 119 per cent at £603,000 and Mr Reg Valin, the chairman, says be is looking forward to reporting another year of "outstanding progress."

The four operating companies within the group are all performing well and are enjoying a steady influx of new business.

Turnover for the period nnder review more than doubled from £7.2m to £15.6m and operating income advanced from £1.24m to £2.59m.

Tax accounted for £218,000, against a previous £125,000, to leave net profits at £289,000, an increase of £134,000. Earnings per share emerged at 6.7p, compared with 3.5p.

The group's largest operating company, Valin Pollen, has acquired additional businesses from both new and existing clients, including BP, Equity Capital for Industry, Hestair, Kellock Factors, Ocean Transport and Trading, Vickers, and more recently, Marks & Spencer.

Since it was established last October the McAvoy Wreford Bayley subsidiary has performed "extremely" well.

Valin Pollen Internationat recently announced that it had made the first step towards the development of a network of its own offices in the world's key business and financial centres by acquiring Dutch company, Thomas & Kleyn.

Valin Pollen International's shares are dealt in on the USM.

● comment

There is an apparently effortless quality about the advance of Valin Pollen. The agency seems able to take the City by surprise with every announcement and yesterday was no exception, with tha shares rising 55p to 590p, compared with an issue price of 110p in January last year. Clearly success breeds success in this highly-publicised industry, with clients and employees frequently changing agencies, and gravitating naturally to the favourites of the day. This should not detract from Vallin Pollen's achievement, in particular the way it places careful research at the centre of its various communications activities, measuring the results of the work it does for clients. The agency is justly proud of the fact that while new names constantly join its accounts, notably Marks and Spencer, it has not lost a customer in five years. However, investors have to put a price on this heady growth. If Valin Pollen makes £1m pre-tax this year then the shares trade on a multipte of over 40 (43 per cent tax). At this level, the shares must be vlunerable to the slightest bint of the kind of commercial accident which Valin Pollen has eo far managed to avoid.

Miles 33 profits jump

Miles 33, USM-quoted supplier of computer systems, has achieved e 50 per cent pre-tax profit increase for the year to end-February 1985. With turnover ahead from £3.1m to £3.95m, taxable profits reached £513,000, compared with £342,000.

At the half way stage this Berkshire-based company had achieved a 30 per cent increase, from £164,000 to £214,000, which Mr R. M. Holland, tbe chairman, attributed primarily to improved operating efficiency.

For the year the single final dividend is lifted from 2.5p to 2.75p per 10p share. Stated net earnings are shown higher at 19.2p (12.8p).

The company starts tbe current year with a good order backlog, the chairman says. Tha initial expense in starting up the Connecticut office opened last September, is now behind it, and the company looks forward to continuing success in the U.S.

In his annual statement a year ago the chairman told shareholders that marketing efforts outside Europe were expected to show results particularly in the Far East. The first order for System 300 in Japan has already been secured, he now reports.

During the current year the company will continue to develop new products and to maintain a strong competitive position in its chosen world-wide markets.

After a tax charge of £109,000 (£74,000), attributable profit for 1984-85 emerged at £404,000 (£268,000).

External Inv asset value up

External Investment Trust's net esset value per £1 share stood at 490.5p at the end of March 1985 compared with 458.9p a year previous.

The final dividend is up from 5.75p to 6.5p, making a total payout of 12p against 10.75p. Stated earnings per share were 2.23p higher at 13.76p.

Net revenue for the 1984-85 year rose by £147,311 to £908,623.

Gross income amounted to £2.16m, compared with £1.48m, and comprised of franked income of £863,559 (£698,498); unfranked income of £905,264 (£494,711); deposit interest of £105,742 (£55,684); dealing profits, less losses, £106,818 (£60,410); and underwriting commission of £175,153 (£170, 302).

COMPANY NEWS IN BRIEF

Net asset value per 25p share amounted in 331.2p at Fleming Far Eastern Investment Trust at the end of the year to March 31 1985, compared with 329.6p on the same date a year before. Earnings per share are shown as 3.03p against 2.19p from which a final dividend of 2.5p is proposed, compared with 1.5p, raising the total by 1p to 3p. A two-for-one scrip is also proposed.

Net revenue amounted to £1.63m (£1.22m). The directors say that re-allocation of assets in 1985-86 might give rise to a reduction in revenue. Dividends will be decided by the amount available and will therefore flutcate according to the structure of the portfolio.

* * *

Pre-tax profits of London Entertainments, theatre production and management concern, dropped from £480,992 to £170,315 for the six months ended February 28 1985 after a much lower surplus on changes in investments of £106,358, compared with £322,877.

After tax of £58,698 (£146,666) earnings per share are shown as 3.04p against 9.12p. The company continues with theatrical ventures but no surplus has accrued in the half-year, directors state.

* * *

The offer for sale by Samuel Montagu of 2,535,000 shares in Clayform Properties at 165p per share was oversubscribed approximately 4.5 times, after the rejection of certain multipla or suspected multiple applications.

Applications from employees of Clayform and its subsidiaries were received for 87,300 shares and hava been accepted in full.

The basis on which other applications have been accepted as follows: 200 shares to 800 shares inclusive—200 shares; 1,000 shares to 5,500 shares inclusive—25 per cent of amount applied for; 6,000 shares to 9,500 shares inclusive—2,000 shares; and 10,000 shares and over, 20 per

* * *

Net asset value of Yelverton Investments, an unquoted company, stood at 24p per share at end-October 1984, compared with 35p a year earlier.

Net losses were £67,000 (profit £268,000) and losses per share were shown as 0.8p (earnings 3.4p).

* * *

Guest, Keen and Nettlefolds, the UK engineering group, has acquired for an undisclosed figure a U.S. specialist scaffolding group, Kwikform America. The business, with annual sales of $12m, will be carried on by a new company, GKN Kwikform, with beadquarters in Los Angeles and eight regional depots throughout the U.S.

Costain, the construction group which had a 30 per cent stake in the old Kwikform company, will have an increased 40 per cent holding in the new operation as part of the continuing merger of GKN and Costain scaffolding interests.

* * *

Adverse trading conditions, especially in the last quarter in relation to the knitwear importing subsidiary, led to a lower-than-expected 1984 pre-tax profit of £298,000 at Paul Michael Leisurewear.

However, cash balances of over £730,000 at the year end and satisfactory current trading, both give the directors confidence to recommend a dividend of 1.25p net for the year — in line with the commitment given in the September, 1984 prospectus.

In 1983, the company made £756,000 pre-tax. However, because acquisitions, capital restructuring and special dividend payments were effected during the year prior to the company's USM flotation, the pro-forma figures do not give a direct comparison.

Turnover for 1984 was £7.45m (£9.22m) and stated earnings per 5p share came to 2.3p (4.2p).

UK COMPANY NEWS

John Carr shares rise 18p as merger talks commence

BY CHARLES BATCHELOR

A BID may be in the offing for John Carr (Doncaster), the joinery group. Its shares rose 18p to 86p—valuing the company at £59m—after it announced yesterday that it had begun negotiations aimed at an agreed merger.

Carr, which suffered a profits setback in the second half of the year ended September 1984, said discussions were at an early stage and it was impossible to say whether an offer would result.

Market speculation centred on Rugby Portland Cement as the likely bidder but neither Rugby nor Carr would comment.

Rugby has been attempting to diversify away from cement and paid $12m for Addison Corporation, an Atlanta, Georgia-based timber products distributor, last September. Rugby's shares were unchanged at 122p yesterday.

Mr Mark Stockdale of stockbrokers Savory Milln, said: "Rugby has strong management and the cash resources. We are at the *bottom of* the timber cycle so the sector is out of favour. Carr is the most attractive of the timber companies, with sound finances and good product development. Rugby itself has been a bid candidate so a significant move like this would strengthen its hand."

Members of the Carr family and other directors own about 15.5 per cent of the company, while four UK institutions have holdings of between 5 and 6 per cent.

A drop in Carr's pre-tax profit from £4m to £3.6m in the second half of the year ended September 1984 held back profits growth in the year as a whole. Profits in the year rose from £7.05m to only £7.82m on turnover which went from £41.5m to £47.2m.

A slow-down in market growth and exchange rate movements put pressure on margins while a four-week strike at its main Doncaster works cost an estimated £400,000 at the pre-tax level. The company, nevertheless, made use of the strike to accelerate the reorganisation of its product range.

In the five years to September 1984 the company increased pre-tax profits from £3.6m in 1980 to £7.82m, while turnover rose from £22.5m to £47.2m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering *dividends*. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Castle (G. B.), Fairline Boats, Fundinvest, Royal Bank of Scotland, Save and Prosper Return of Assets Investment Trust, Stakis, Vaux Breweries, *Wardle Storeys*, Whessoe.

Finals: Osbeshams, Oualvest, King and Shaxson, Molynx, TDS Circuits, UEI.

FUTURE DATES

Interims:

Crystalate	May 20
Diploma	May 13
Morceau	June 26

Finals:

Allied Irish Banks	May 22
British and American Film	May 21
Caffyns	June 7
Fine Art Developments	May 21
Toshiba	May 23
Walpac	May 13

Adams & Gibbon rejection

Adams & Gibbon, a Newcastle-upon-Tyne-based motor dealer, has issued a detailed rejection of the £4.3m cash takeover bid from Keep Trust. The 240p per share bid is worth much less than A & G's revised net asset value of 383p per share, the company argued.

A & G said it plans to increase the total net dividend for the year ending November 1985 by 25 per cent to 6.875p per share.

A valuation of A & G's property carried out by Storey Sons & Parker, chartered surveyors, put a market value of £3.35m on A & G's properties.

This together with the net value of other assets stated in the *latest audited accounts* values A & G's net assets at 383p, 59 per cent more than the Keep bid, A & G said. It is also revising its budgets and expects to produce a profit forecast "in due course."

A & G's directors and their families, with 9.26 per cent of the company, and other shareholders representing a further 19.36 per cent of the shares will not be accepting the offer.

Keep, a holding company with interests in motor trading and engineering, already owns 11.89 per cent of A & G. The Grovebell Group of motor distributors has a 14.39 per cent holding.

A & G's shares were unchanged at 248p yesterday, 8p above the bid level, while Keep fell ½p to 17½p.

Hanson gets 15% of Pennine in U.S. deal

BY CHARLES BATCHELOR

PENNINE RESOURCES, the oil and gas exploration group headed by Mr Malcolm Horsman, a former managing director of Tozer Kemsley and Millbourn, is to pay about £1.5m for Talbott Group, a small U.S. retail chain currently owned by Hanson Trust.

This is the third deal to be carried out by Pennine since the arrival of Mr Horsman as the largest shareholder and chairman in August 1983. It will leave Hanson with a 15 per cent stake in Pennine, which it intends to retain.

Mr Horsman, a former director of the Slater Walker Group, and still an enthusiastic supporter of Mr Jim Slater's management style, said the aim was to take Pennine into "turn-round" situations.

Pennine will finance the Talbott purchase by the issue of 2.3m Pennine shares, with the balance in cash.

Talbott has 19 discount stores, mostly *in Pennsylvania*, with the rest in holiday areas in the U.S. such as the Carolinas and near Boston. Mr Horsman expects to revive a *plan* to open four or five new stores in Florida.

The Talbott stores originally *functioned as outlets for* the knitwear produced at Talbott's factory but the manufacturing operation has been closed down and the stores now sell mainly imported clothing.

Hanson acquired Talbott when it bought U.S. Industries, a Connecticut-based manufacturing group for £384m in May 1984. Pennine plans to use the Talbott outlets for the clothing made by Dutchmaid Inc, which it bought for £3.6m last October. Dutchmaid makes, distributes and sells ladies' and children's clothing by the party-plan method.

Dutchmaid and Talbott sell to the same consumer group while Talbott has a buying operation in the New York fashion district which will benefit Dutchmaid, Mr Horsman said.

Mr Horsman became chairman of Ralli International, the international trading and commodity group, in 1969 after 4½ years with Slater Walker. He went on to become deputy chairman and joint *managing director* of Bowater after Bowater merged with Ralli. He then joined Tozer, Kemsley but resigned abruptly in *January* 1983.

He paid £1.2m for the 31 per cent stake in Pennine owned by Camdecca Resources. His holding has since been reduced to about 20 per cent. Shares in Pennine, which are traded under rule 535, rose 4p to 42p yesterday.

MINING NEWS

Kidd Creek president attacks government-added cost burdens

BY KENNETH MARSTON, MINING EDITOR

WHILE it is not unusual for a mining company to make a strong criticism of government-*imposed cost burdens*, a touch of piquancy is provided when the protest comes from the president of a government-controlled *company*.

This is the case with Mr Donald C. Lowe, president of the Canadian copper-zinc producer *Kidd Creek Mines* which is controlled by the Commonwealth Government's Canada Development Corporation.

The Canadian mining industry needs "the help of governments at all levels to develop the policies which will ensure the succes of one of Canada's most vital industries," he says, "and there is no better time to act than now."

Warming to his theme, Mr Lowe adds: "Government cost burdens now amount to 50 per cent of the mining industry's before-tax profits; add between 12 and 48 per cent to the initial cost of new capital investment; and account for an average 30 per cent of annual production costs."

Mr Lowe points out that from 1978 to 1983 mining companies in Alberta have had to absorb cost increases of more than 100 per cent for fuels, 80 per cent for electricity and 60 per cent for property taxes while, in Quebec, the cost of mandatory contributions to social programmes rose 52 per cent in one year.

"Such increases are threatening to overwhelm the industry when it is in the midst of a fragile recovery. Many mining companies continue to lose money despite their best efforts," he adds.

Still, Kidd Creek managed to earn a profit of C$1.7m (£1m) in the first quarter of this year compared with a loss of C$1.7m a year ago. The improvement reflects the drive to reduce costs coupled with lower interest charges.

The company's C$66m expansion programme, due to be completed in 1988, will further reduce costs by allowing the company to smelt and refine more of its concentrate production and eliminate much of the outside processing.

It *will raise annual* copper smelting and refining capacity from 59,000 to 90,000 tonnes, and increase zinc plant output from 120,000 to 127,000 tonnes.

Lower gold price hits Echo Bay

CANADA'S gold-producing Echo Bay Mines has made a low-key start to 1985, with first quarter *earnings of C$3m (£1.8m)*, equal to 8 cents per share, comparing with C$6.8m in the previous three months and C$5.1m (before *the preferred dividend)* in the first quarter of 1984.

Gold production in the first quarter rose to 59,234 oz, reflecting higher output at the company's Lupin mine in the North-west Territories and the share of the 50 per cent-owned Round Mountain mine in Nevada which was acquired as from January 1 with the purchase of Copper Range.

Echo's earnings, however, were hit by a lower gold price received in the latest quarter of US$316 *per oz compared with US$360 in* the preceding three months. The fall reflected, in part, the effects of earlier forward gold sales.

Echo says that Round Mountain did no more than break even in the latest quarter owing to an exceptionally cold winter. *However, its gold output* reached a record in March and average production costs are expected to improve during the rest of the year.

Echo has estimated that its total gold production for this year, including the half-share in Round Mountain, should rise to about 260,000 oz, up from 181,534 oz in 1984.

IN BRIEF

South Africa's veteran gold-producing *Durban Deep* has reached agreement to purhase for R1.35m (£560,000) the entire mining title held by Rand Leases over the neighbouring area. Rand Leases ceased mining operations in 1971.

The assets comprise mining title over farms Vogelstruisfontein No 231 and Roodepoort No 237, plus the Nos 6 and 11 shaft headgears and shaft buildings.

Rand Leases will keep all slimes dams and waste dumps and surface housing. The purchase consideration is to be satisfied by way of an issue of Durban Deep shares or cash, or a combination of both. The proposals are subject to governmental and shareholder approval.

* * *

Another look is being taken at the old Parys Mountain property at Anglesey in North Wales. The Canadian Imperial Metals Corporation is to carry out 9,000-10,000 ft of core drilling over several months. The property is said to contain significant reserves of zinc, copper, silver, gold and lead. It was last mined in 1920.

* * *

Canada's McIntyre Mines has turned a first quarter operating loss of C$2.5m (£1.5m) into a net *profit of C$361,000* thanks to the earnings contribution of the company's 22 per cent stake in Falconbridge. A year ago McIntyre earned C$6.9m.

* * *

The Que River zinc-lead-silver mine in Tasmania, owned by Aberfoyle (90 per cent) and Paringa Mining and Exploration (10 per cent) is to increase annual ore production to 300,000 tonnes from 20,000 tonnes. This follows agreement in principle for Electrolytic Zinc of Australasia to raise its contractual purchase of ore to about 290,000 tonnes of ore per year from early 1986 until 1991. The Que River partners have an option to extend sales contracts for a further five years beyond 1991.

* * *

Edlow Resources has begun exploration for gold and associated minerals in the Yaloke and Abba areas of the Central African Republic, under the terms of an agreement recently signed with the government of CAR.

Edlow, headquartered in Bermuda, is a private company owned by the Edlow family of Washington, DC, and is well-known in nuclear circles through its trading activities in uranium.

Accountancy Appointments

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Chris Haworth
Mason & Nurse Associates
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Financial Controller

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Please write in confidence, with CV and current salary quoting ref 25/FT to:
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This appointment is urgent, therefore you can expect an immediate response upon receipt of your c.v.

James Allen

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Candidates should have experience in business or banking and be familiar with the interpretation of financial information. A period in non-financial auditing would be useful as would an accounting qualification, though this is not essential. Good business sense, administrative and effective reporting abilities are essential.

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Please write with full CV to: K. A. Hay, Partner in charge, Ernst & Whinney, 25b Boulevard Royal, L-2449 Luxembourg.

All applications will be treated in strictest confidence.

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Interviews will be held in London and Manchester.

Please write in confidence to M J B Ping, enclosing a detailed curriculum vitae, and quoting reference F/255/P, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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tfi **The Finance Index**
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Accountancy Appointments

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Applicants should be qualified accountants with sound experience of sophisticated management information systems, gained in a production orientated environment. They must possess the personal qualities both to manage their own staff successfully and to work closely with line managers to ensure that corporate objectives ere achieved.

Please send a comprehensive career résume, including salary history and day-time telephone number, quoting ref: 2272 to W.L. Teit, Executive Selection Division.

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c £18,000 **London NW6**

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The main responsibilities of the post will include the manegement of the company's accounting and finances, assistance to prospective franchisees and working with present franchise owners on financial matters. The parent company is American, and the successful candidate will need to report regularly to the States.

Candidates should be qualified eccountants with commerciel experience. They must be comfortable with computerisation and able to menage a small team. They should have experience of raising finance and developing effective bank relationships.

Benefits include BUPA, Life assurance and long term disability insurence.

Please write, stating how you meet our client's needs, quoting reference 1414 to:

BinderHamlyn
MANAGEMENT CONSULTANTS
Anne Knell, Executive Selection Division.
Binder Hamlyn Management Consultants.
8 St. Bride Street, London EC4A 4DA.

Financial Director

Hampshire (Easy access to M3 and M4) **c£28-£30,000 + car**

Our client is a very successful business, turnover around £90 million and profitable, operating in one of the fastest growing sectors of high technology. It is the subsidiary (with large fellow subsidiaries in USA) of a major British public group. The Company has developed its business with e wide spectrum of customers, operating through subsidiaries in the UK and through distributors in Europe, the Middle East and in Africa.

The Financial Director will report to the Managing Director and should:-

- be a qualified accountant, aged probably 33-45.
- hold a financial director or controller responsibility in a lively, medium-sized manufacturing business preferably part of e larger organisation in electronics, computers, business equipment or in light engineering.
- have sound experience in the application of profit planning and cost control techniques, and in the introduction and development of computer based systems.
- be an able manager and effective communicator; tough minded and commercially alert.

Security benefits are good; as are future prospects. Removal costs will be met and help given with other problems associated with family re- location.
Initial meetings will be arranged locally, outside office hours if necessary.
Brief application should be sent to John Hearn at this address:-

Hearn Healy & Partners
Management & Recruitment Consultants
Westmorland House, 127 Regent Street, London W1R 7HA. Tel: 01-734 6267

Group Financial Services Manager

Berkshire **c £25,000 + car**

Our client specialises in the marketing and distribution of high technology products and is a brand leader in its field with a strong multinational base. Continuing high growth and diversification will lead to a turnover of over £50m in the United Kingdom for the current year.

A commercially minded accountant is required to assume responsibility for financial accounting, systems development and company secretarial and treasury duties. Reporting to, and working closely with, the Managing Director you will also control various administration functions including personnel.

Likely to be aged in your 30's and a qualified chartered or certified accountant, you will be highly presentable, assertive and motivated. Strong management accounting experience is essential and previous exposure to a US multinational environment would be preferred.

Candidates with the potential to succeed in a fast moving organisation and progress to General Manager status in the medium term, will be offered an attractive remuneration package together with a fully expensed company car and relocation expenses where applicable.

Candidates should write to Nick Baker FCA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref. 246, at 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

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Put your Stamp on our Business

Central London **c. £14,000 to start**

To match our growing commercial opportunities we are currently making rapid improvements in both financial and Management systems, as we gear the business for major developments which require an innovative approach to accounting. This creates more opportunities for young newly qualified accountants to join the financial policy-making team at our national Headquarters near Victoria.

You must be willing to accept the challenge of demanding work. You will advise and guide Marketing and other functional divisions. Amongst your responsibilities will be the analysis and implementation of recommendations for improvement of new and existing services and major customer contracts, as well as the development and maintenance of key integrated accounting information needed by top managers and Directors. In some of the positions you will provide evaluations and controls on recommended capital investment schemes. The work will also involve occasional travel to operational units within the UK, working with front line managers.

We offer an attractive salary package including a contributory pension scheme. Accountancy is a growth area within the business, so there are excellent promotion prospects both in London and in regional centres. For example, within two to three years you could be Finance Manager of a major operational unit, earning over £17,000 a year.

If you feel that you can offer us the skills and enthusiasms we seek, send details of your qualifications and experience – a standard CV is perfectly acceptable – to Graham Bibby, FCCA, FCMA, Post Office Headquarters, 33 Grosvenor Place, London SW1X 1PX by 17 May 1985, quoting reference FT. Interviews will be arranged by the end of May.

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FINANCIAL DIRECTOR

CENTRAL LONDON **c£40,000**

Our client is a major distribution and secondary manufacturing company, the largest in its field in the UK. Turnover exceeds £100m and its activities cover the construction, eutomotive and security industries. Headcount is about 4000. It is the European arm of a major international group.

Evolution towards more co-ordinated control from the centre together with substantial expansion in the past two years have led to the decision to appoint a new Financial Director. Apart from taking complete responsibility for all the financial affairs of the company, he (or she) will be expected to be fully involved with the management of the company and must be capable nf deputising for the Managing Director.

This is a more senior and more broadly-based role than most Financial Director eppointments and we are looking for a Chartered Accountant with considerable authority and experience. General management experience would be a real advantage and up-to-date capability in modern financial management techniques and computing is essential.

In the first instance please send a brief summary of your career to the address below quoting DD85. Under no circumstances are candidates identified to our clients without prior consultation.

Lovell & Rupert Curtis Limited

St Martin's House·29 Ludgate Hill·London EC4M 7BQ·Tel: 01-248 8033·Telex 261000.

Financial Controller £20-£25,000 + CAR

Based: SURREY

Our client, e £300m Turnover, multi-branch market leader, is part of an International organisation.

Reporting to the Director of Finance, the finance function utilises extensive computer facilities and e department headcount exceeding 100.

Key responsibilities will be the directing of all cash and treasury related activities, control and enhancement of financial and management reporting and the maintenance of effective internal controls in e volume transaction environment.

The candidate will ideally be:-

- **Aged between 30-40**
- **Professionally Qualified**
- **Experienced in the development of sophisticated reporting systems**
- **In possession of proven managerial skills**
- **Experienced with acquisition reviews and absorption**

The company adopts a stance of strong organic and acquisitive growth, candidates skills should attest to the ability to contribute significantly to the managing of this growth.

Contact Adrian Thorley in strict confidence.

Alexander Associates, 30b Church Road, Burgess Hill, West Sussex RH15 9AE
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The successful applicant will be based at our Atlantic Region headquarters near Gatwick Airport and will report to the Manager of Finance and Administration. Responsibilities will include tha managemant of all corporate financial activities in Europe, Africa, and the Middle East, including the functional co-ordination and superviaion of all accounting personnel in all the countries of our Atlantic Region.

The ideal candidate will have a university degree and 2-5 years of previoua experience in financial management, *providing a solid foundation in finance and accounting.* Previoua airline experience is not essential but applicants will be expected to demonstrate good initiative and an enargetic, enthusiastic work attitude.

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Supervisor of Personnel & Administration
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Airlink House, Hazelwick Avenue
Three Bridges, Crawley
Sussex RH10 1YS

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An outstanding opportunity for a young qualified accountant (ACMA, CA, ACCA) in a dynamic and demanding anvironment where performance and contributinn will lead to rapid promotion. Working closely with the Financial Director, the successful applicant, with specific responsibility for financial planning, will be involved in all aspects of a successful FMCG business which uses the full range of modern accounting practices.

Candidates aged 26–30 will already have experience preferably gained within a multi-national manufacturing organisation, utilising computerised systems. The demands of the appointment require pace, self confidence, profit awareness and the ability to work effectively within an aggressive and successful management team. A good remuneration package, including generous relocation assistance, is combined with the genuine prospect of accelerated financial and career progression.

J.C. Brown, Ref: 31719/FT. Male or female candidates should telephone in confidence for a Personal History Form 041-221 2585, 127 St. Vincent Street, GLASGOW, G2 5JR.

Morgan Grenfell & CO. LIMITED.

Internal Audit

Morgan Grenfell & Co. Limited wish to recruit two young Accountants, with either Chartered or equivalent qualification, to join e small but expanding team. This team is responsible for advising on the systems and internal controls supporting the Bank's wide ranging interests both in the UK and overseas.

These positions involve substantial liaison with senior management. The successful candidates should be aged 25-30 and demonstrate a high degree of self motivation, maturity and possess strong communication skills: knowledge of banking and securities markets would be useful but not an essential requirement.

Success in the position will ensure many opportunities for further development within the Group's international activities.

Applications, including brief details of career to date should be sent to:

Helen Rigby, Personnel Manager
Morgan Grenfell & Co. Limited
23 Great Winchester Street
London EC2P 2AX

INTERNATIONAL APPOINTMENTS
APPEAR TODAY ON
PAGE 38

International Appointments

APPOINTMENTS ADVERTISING ALSO APPEARS TODAY ON PAGES 23, 35, 36, 37

Contracts and Tenders

FINANCIAL TIMES

Thursday May 9 1985

Embargo-hit Nicaragua to sell bananas in Europe, Page 48

WALL STREET

Auctions prove pervasive

INTEREST rates moved sharply higher yesterday as Wall Street analysts assessed the outcome of the first of the three auctions in the U.S. Treasury's $20.5bn refunding programme, *writes Terry Byland in New York.*

Stock prices were depressed for most of the session, and the Dow average was more than five points lower at midday. Towards the close, a few buyers appeared, and the Dow Jones industrial average ended a net 2.98 points down at 1,249.78. Turnover remained brisk, with 101.6m shares traded.

Comments by Mr Paul Volcker, the Federal Reserve chairman, to a Senate committee indicated that monetary policy had not changed lately. The bond market's hopes of a cut in Federal discount rate have been postponed until the next meeting of the Fed's open market committee on May 21.

Opinions on the outcome of the auction of three-year Treasury notes were mixed at first, but a general apathy among retail investors turned bond prices downwards. The Treasury 10-year issues traded on a when-issued yield of 11.29 per cent ahead of yesterday's auction, a rise of 16 basis points on overnight levels. The key long bond gained $\frac{3}{32}$ to $98\frac{3}{32}$.

Also discouraging investors was a correction by Mr Preston Martin, Federal Reserve vice-chairman, of his comments reported from Tokyo. He stressed that his reference to 2½ per cent growth referred to the past three quarterly periods.

The opening of the stock market brought signs of further institutional selling, and the gains of the previous session quickly melted away. Selling pressure eased briefly but was resumed at mid-session, when losses were extended in brisk trading.

Weakness in oil stocks was a prime downward pull on the rest of the market. Analysts urged profit-taking in some oil stocks, which have risen smartly since Atlantic Richfield disclosed its restructuring programme. Arco dipped $1 to $62 in heavy turnover.

Other dull spots included Mobil, $⅝ down at $31⅝, after disappointing investors by not extending to other areas its restructuring of the Montgomery Ward retail division.

Exxon, a component of the Dow Jones industrial average, fell $1 to $50¼. At $37⅛, Texaco fell $1⅛ and Chevron dipped $⅝ to $35⅛.

A dull motor sector saw General Motors $1 down at $68 and Ford $⅜ easier at $41. IBM rallied from initial weakness to add $1⅛. NCR softened $⅜ at $25⅞.

Entertainment stocks quietened, although Tribune remained unchanged at $44⅞, awaiting developments on the Murdoch-Metromedia deal, which could bring an easing of competition in Tribune's New York and Chicago markets. CBS was unchanged at $108⅞ while Warner Communications, the latest addition to the list of takeover stocks, also held unchanged at $30.

The airline sector presented a firm appearance, led by United Airlines, $2½ higher at $46. Pan Am recouped $¼ of recent loss to stand at $5¼, and other firm spots were Delta, $1⅛ up at $43⅞ and American Airlines, $1 firmer at $42.

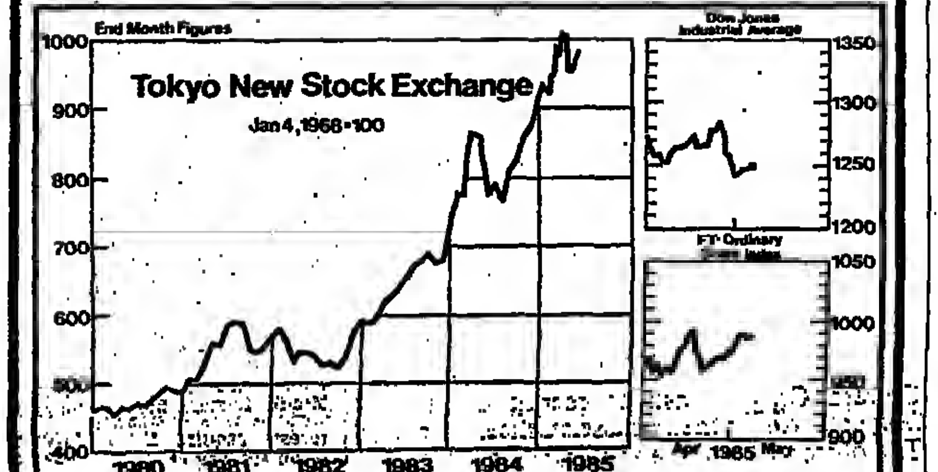
But the Dow Jones transportation average was restrained by further selling of rail issues, which featured Norfolk Southern, $⅝ down at $64⅞ and Union Pacific $⅝ off at $50.

The change of direction in interest rates trimmed the week's gains in financial issues. Bankers Trust was able to remain on the upward tack, rising $⅝ to $66⅝ along with J. P. Morgan, $⅝ up at $48⅝, but Chase Manhattan at $54¼ was $⅛ off.

In the credit markets, a further round of liquidity help from the Fed seemed to indicate that the board still wants to see the funds rate at the low end of its recent range. The Fed announced $1bn to customer repurchases when the rate touched $7\frac{15}{16}$ per cent.

Treasury bill and money market rates added about five basis points, but it was the longer end of the bond market which reacted most sharply to doubts about interest rates. By mid-session, losses of three quarters of a point were showing on signs of recovery.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 8	Previous	Year ago
DJ Industrials	1,249.78	1,252.76	1,176.3
DJ Transport	594.66	586.46	514.09
DJ Utilities	157.83	157.67	128.42
S&P Composite	180.62	180.76	160.52
LONDON			
FT Ord	986.5	985.6	896.2
FT-SE 100	1,307.9	1,305.5	1,117.6
FT-A All-share	629.86	629.36	524.86
FT-A 500	691.37	690.13	573.18
FT Gold mines	478.5	470.4	642.2
FT-A Long gilt	10.86	10.73	10.52
TOKYO			
Nikkei-Dow	12,521.2	12,506.3	11,052.4
Tokyo SE	983.37	979.99	866.21
AUSTRALIA			
All Ord.	889.6	878.2	750.9
Metals & Mins.	569.0	556.9	518.5
AUSTRIA			
Credit Aktien	92.71	90.18	54.87
BELGIUM			
Belgian SE	2,196.17	2,200.58	—
CANADA			
Toronto			
Metals & Minls	1,934.57	1,932.78	2,071.0
Composite	2,602.78	2,615.41	2,336.5
Montreal			
Portfolio	127.83	128.85	113.93
DENMARK			
Copenhagen SE	186.25	184.73	197.09
FRANCE			
CAC Gen	closed	217.3	180.5
Ind. Tendance	closed	118.8	93.8
WEST GERMANY			
FAZ-Aktien	424.73	425.65	355.44
Commerzbank	1,240.4	1,241.8	1,035.8
HONG KONG			
Hang Seng	1,621.45	1,593.26	969.65
ITALY			
Banca Comm.	281.26	280.65	212.54
NETHERLANDS			
ANP-CBS Gen	211.9	212.0	164.6
ANP-CBS Ind	173.1	173.2	131.5
NORWAY			
Oslo SE	330.28	325.80	294.28
SINGAPORE			
Straits Times	790.53	789.31	978.48
SOUTH AFRICA			
JSE Golds	–	1,019.9	919.1
JSE Industrials	–	891.2	987.8
SPAIN			
Madrid SE	110.48	109.82	85.06
SWEDEN			
J & P	1,449.56	1,445.97	1,538.10
SWITZERLAND			
Swiss Bank Ind	428.4	427.1	383.2
WORLD	May 7	Prev	Year ago
Capital Int'l	202.5	200.8	188.5

GOLD (per ounce)

	May 8	Prev
London	$313.50	$314.50
Zürich	$313.00	$313.50
Paris (fixing)	$309.27	$309.27
Luxembourg	$313.40	$310.40
New York (June)	$314.20	$316.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 7	U.S. DOLLAR Previous	STERLING May 7	STERLING Previous
$	–	–	1.208	1.218
DM	3.1915	3.1665	3.85	3.8575
Yen	253.2	252.85	305.5	307.0
FFr	9.725	9.65	11.75	11.755
SwFr	2.6845	2.6605	3.245	3.25
Guilder	3.609	3.5775	4.345	4.36
Lira	2,028.0	2,020.0	2,442.5	2,452.0
BFr	64.2	63.55	77.45	77.4
C$	1.385	1.3805	1.67	1.682

INTEREST RATES

	May 8	Prev
Euro-currencies (3-month offered rate)		
£	$12\frac{25}{32}$	12⅞
SwFr	$5\frac{5}{16}$	5¼
DM	5¾	5¾
FFr	$10\frac{7}{16}$	$10\frac{7}{16}$
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅝	8½
6-month U.S.$	$8\frac{11}{16}$	$8\frac{13}{16}$
U.S. Fed Funds	$7\frac{15}{16}$*	7¾
U.S. 3-month CDs	8.00*	8.05
U.S. 3-month T-bills	7.80*	7.76

U.S BONDS

Treasury		May 8* Price	May 8* Yield	Prev Price	Prev Yield
9⅝	1987	$100\frac{1}{32}$	9.73	$100\frac{6}{32}$	9.62
11⅝	1992	$102\frac{23}{32}$	11.18	$103\frac{11}{32}$	11.04
11¼	1995	$99\frac{23}{32}$	11.28	$100\frac{19}{32}$	11.14
11¼	2015	$98\frac{29}{32}$	11.38	$99\frac{27}{32}$	11.27
Corporate					
AT & T					
10⅜	June 1990	97⅞	11.10	97⅞	11.10
3⅞	July 1990	77⅜	9.40	77⅜	9.40
8⅝	May 2000	78⅝	11.85	78⅝	11.85
Xerox					
10⅞	March 1993	93.839	11.80	93.839	11.80
Diamond Shamrock					
10⅞	May 1993	93⅛	12.00	93⅛	12.00
Federated Dept Stores					
10⅞	May 2015	88.503	12.00	88.503	12.00
Abbot Lab					
11.80	Feb 2013	97.436	12.05	97.436	12.05
Alcoa					
12⅛	Dec 2012	97.545	12.50	97.545	12.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	71–13	71–29	71–15	72–01
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.21	92.27	92.16	92.25
Certificates of Deposit (IMM) $1m points of 100%				
June	91.70	91.78	91.64	91.77
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.30	91.43	91.27	91.45
20-year Notional Gilt £50,000 32nds of 100%				
June	104–16	105–05	104–13	105–04

COMMODITIES

(London)	May 8	Prev
Silver (spot fixing)	516.80p	509.10p
Copper (cash)	£1,337.00	£1,339.00
Coffee (May)	£2,146.50	£2,137.50
Oil (spot Arabian light)	$27.00	$27.05

HONG KONG

Properties aid step over threshold

A SURGE of local buying in Hong Kong took the Hang Seng index across the 1,600 threshold as share prices continued to rally for the third successive session. The index put on over 14 points within the first hour and finished 28.19 higher at 1,621.45, the highest level since September 1981.

The property sector remains the driving force behind the market upturn, which has been aided by a cut in local mortgage rates to 10 per cent.

Cheung Kong picked up 30 cents to HK$17.70, while associate Hutchison Whampoa gained 20 cents to HK$24.60. Hongkong Land advanced 35 cents to HK$6.10 and Sun Hung Kai Properties finished 60 cents stronger at HK$13.

Among other leading shares, Jardine Matheson put on 30 cents to HK$12, Hongkong Bank rose 10 cents to HK$6.30 and Bank of East Asia moved 60 cents higher to HK$25.50.

AUSTRALIA

RECORDS were broken again in Sydney as the fall in the U.S. dollar and a rally in the bullion price attracted foreign support to leading equities. The All-Ordinaries index advanced 10.9 to 889.6, a second successive record performance.

BHP sparkled with a 18 cent jump to A$6.64 in heavy turnover, CRA moved a further 12 cents ahead to A$6.56 and CSR firmed 2 cents to A$2.95.

Profit-taking developed in News Corporation, which dipped 10 cents to A$8.30, while Adelaide Steamship picked up 18 cents to A$7.38. ACI lost 3 cents to A$2.25 after a strong showing on Tuesday, while Elders fell 2 cents to A$3.07 after its one-for-three preference share issue.

LONDON

GOVERNMENT securities encountered renewed selling pressure in London yesterday as the prospects of lower bank base rates evaporated with the surge in money growth.

Long-dated gilts were forced to bear the brunt of the selling which trimmed up to a point off quotations.

Leading equities were helped by institutional support and the FT Ordinary index reversed an opening 3.4 setback to finish a net 2.7 up at 986.5.

Chief price changes, Page 42; Details, Page 43; Share information service; Pages 44-45

SINGAPORE

SLUGGISH trading persisted in Singapore and the Straits Times index edged 1.22 higher to 790.53.

Bargain hunting injected some firmness near the close as Sime Darby rose 1 cent to S$1.99 and Genting added 5 cents to S$5.85. DBS and Haw Par also managed 5-cent gains at S$5.90 and S$2.07.

CANADA

OIL STOCKS led a sharp late retreat in Toronto during brisk trading.

Leading indices reflected the trend, although the composite index managed a marginal recovery to close slightly up from its low point for the day.

Among oil stocks to lose ground, Imperial Oil eased C$¼ to C$51⅛, Gulf Canada C$⅛ to C$20⅛, Texaco C$⅛ to C$34⅞ and Dome Petroleum 5 cents to C$3.20.

SOUTH AFRICA

GOLD shares in Johannesburg responded to the firmer bullion price with President Steyn, R2 higher at R58.50, continuing to find support.

Elsewhere, mining financials and diamonds shadowed golds with Anglo American 75 cents stronger at R28.50 and De Beers 10 *cents* up at R10.80.

EUROPE

Lethargy after climb to peaks

A LETHARGIC day's trading was seen in many European centres yesterday with no new factors emerging to provide a signpost to future developments.

Frankfurt eased back from the successive highs established on the two previous trading sessions and the Commerzbank index slipped 1.4 to 1,240.4.

In chemicals, Hoechst and BASF each added 40 pfg to DM 211.90 and DM 203.90 respectively. However, Bayer shed 40 pfg to DM 211.80 despite the increase in first-quarter profits, announced the previous day.

Banks continued to build on Tuesday's sharp gains. Dresdner was DM 1.40 higher at DM 224.90, Deutsche put on DM 1.20 to DM 474.70 and Commerzbank rose DM 1.30 to DM 176.30.

In the motor sector, VW advanced DM 2.60 to DM 213, BMW DM 5.50 to DM 373.50 and Daimler DM 2.30 to DM 683.60. Porsche however, lost DM 7 to DM 1,205.

In the electrical sector, Siemens added DM 1.30 to DM 541.30 as it announced the purchase of a California-based producer of heart pacemakers.

Among high technology companies, Nixdorf, planning expansion in Asia where it expects growth rates of 50 per cent a year, shed DM 3 to DM 583.80.

Bond prices were higher in active trading which saw strong foreign demand amid expectations of softer interest rates. The Bundesbank sold DM 80.6m of paper after sales totalling DM 91.6m the previous day.

Amsterdam was mixed and the ANP-CBS General index eased just 0.1 to 211.9.

The announcement from Philips of higher turnover but lower first-quarter profits sparked some selling. The share eased Fl 1.20 to Fl 55.10.

Among other internationals, Royal Dutch rose 80 cents to Fl 210.50 and KLM was 60 cents higher at Fl 60 despite its lower load factor for April.

Zurich edged higher with uncertainty over the outlook for the dollar inhibiting foreign interest. However, some West German buying of banking issues underpinned the sector. Swiss Bank picked up SwFr 3 to SwFr 395.

Insurance issues also improved, led by a SwFr 450 advance to SwFr 25,350 in Zurich Insurance.

Nestlé rose SwFr 20 to SwFr 6,620, despite the warning that its profits margin will decline in 1985.

Bond prices were firm.

Brussels was mixed although some stocks benefited from the announcement of a 1.25 percentage point cut in Belgium's discount rate to 9.75 per cent.

Utilities firmed with Intercom BFr 55 higher at BFr 2,210 while Unerg rose BFr 15 to BFr 1,720.

Markets in Paris were closed for a public holiday

Banque Bruxelles Lambert shed BFr 10 to BFr 1,880 as it announced plans for a one-for-four rights issue.

Stockholm was again higher in fairly heavy trading. Actively traded issues included SKF, SKr 3 higher at SKr 229.

Volvo was also SKr 1 higher at SKr 264 and Saab-Scania was unchanged at SKr 455 as they warned that they may have to introduce a shorter working week if the continuing civil servants dispute was not ended within two weeks.

Milan was lower, ahead of the local elections this weekend but Madrid managed to advance, led by an improvement in communications stocks.

TOKYO

Speculators take the centre stage

ACTIVE speculative trading for immediate profits dominated Tokyo yesterday with most institutional investors and large corporations lying low amid growing concern about the market's prospects, *writes Shigeo Nishiwaki of Jiji Press.*

Buying was limited to some biotechnology issues, financial stocks – particularly city banks – and electric power and oil companies that could make exchange gains from a firmer yen.

The Nikkei-Dow market average gained 14.90 to 12,521.20 on volume of 358 shares, up from Tuesday's 279m. Losing stocks outpaced gains by 402 with 381, with 188 issues unchanged.

Early in the day, some financial stocks attracted buyers on news that five city banks would raise huge amounts of capital from July.

Sumitomo Bank rose Y90 at one stage but shed some of the early gains in late profit-taking to finish the day Y30 higher at Y1,790. Mitsubishi Bank closed Y30 up at Y1,580 and Dai-Ichi Kangyo Bank Y10 at Y1,560.

Buying spread to other financial issues such as non-life insurances and securities. Tokio Marine and Fire Insurance rose Y16 at one stage but fell to close Y10 higher at Y845. Nomura Securities climbed Y50 but finished Y20 up at Y1,130.

Financials lost popularity in the afternoon as some biotechnology issues took the limelight. Toyojozo rose Y90 to Y1,820 on speculation that a tumor necrosis factor now undergoing clinical tests might prove effective as an anti-cancer drug. Asahi Chemical also rose Y26 to Y889.

Other biotechnology issues also gained ground. Green Cross fell an early Y100 but bounced back to close the day Y10 down at Y2,670. Kuraray added Y50 to Y1,020, Dainippon Pharmaceutical Y220 to Y4,600 and Daiichi Seiyaku Y90 to Y1,980.

The yen's rally against the dollar pushed electric power and oil shares up. Tokyo Electric Power gained Y30 to Y1,780 and Showa Shell *Sekiyu* Y13 to Y572.

But some of the stocks that were favoured in the previous session lost ground. Japan Air Lines fell Y230 to Y8,970 and KDD Y150 to Y32,110.

Expectations of a further decline in U.S. interest rates and the yen's rebound against the dollar helped buoy the bond market.

Trust and city banks aggressively bought bonds in anticipation of lower U.S. interest rates after U.S. Federal Reserve vice-chairman Preston Martin, visiting Japan, reportedly stated that the Federal Reserve would have to ease monetary policy through an increase in its money supply target.

As a result, the yield on the benchmark 7.3 per cent government bond due in December 1993 slid to 8.545 per cent from Tuesday's 8.580 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.6	13	224	17⅛	16⅞	17⅛	+⅛
13¼	9⅝	AGS			12	29	15	14⅝	14⅝	−⅝
18⅝	9⅝	AMCA				2	11	11	11	+⅛
21½	13¾	AMF	.50	2.5	57	1296	20⅛	19⅝	19⅞	+¼
48¼	24¼	AMR			16	8104	42½	40⅞	42	+1
21⅜	18⅝	AMR pf2.16		10.		1150	21⅛	21	21	
23	13	ANR pf2.12		10.		1	20½	20½	20½	
14¼	7¾	APL			27	115	8½	8¼	8½	+⅜
65¼	44⅝	ASA		23.9		195	51	50⅝	51	−⅛
27	14⅛	AVX	.32	2.0	13	520	15⅝	14⅝	15⅝	+1¼
24⅞	16	AZP	2.72	12.	7	680	23¼	23⅛	23¼	+¼
54	38¾	AbtLab	1.40	2.7	15	1306	52	51⅛	51¾	−¼
25⅞	17	AccoWd	.44	2.8	17	228	22¼	22	22⅛	+⅛
21⅞	12½	AcmeC	.48	2.9		116	14¼	14	14	−⅜
10½	8¼	AcmeE	.32b	3.8	10	6	8⅝	8⅜	8⅜	
17⅝	15	AdaEx	1.92e	11.		52	16⅞	16⅝	16⅞	+¼
20	11⅞	AdmMl	.32	2.1	6	8	15⅝	15¼	15¼	
16½	8⅝	AdvSys	.53t	5.4	16	104	10	9¾	9⅞	+⅜
41⅛	25⅛	AMD			12	1655	28⅝	27⅝	28½	+⅝
12¾	6⅞	Advest	.12	1.4		37	8⅝	8⅜	8⅝	
14⅝	8¾	Aerflex			11	32	12⅛	11⅞	11⅞	−⅛
44½	27¼	AetnLf	2.64	5.9	33	3074	u45	43¾	44⅞	+⅛
58¾	52⅞	AetL pf5.83e		11.		2	55⅝	55⅝	55⅝	
35	15¾	Ahmns	1.29	3.6	13	277	33¼	32¾	33	
4⅛	2½	Aileen			22	7	2⅞	2⅞	2⅞	
51	36⅝	AirPrd	1.90	2.5	11	984	48¾	48	48½	+⅝
24⅝	15	AirbFrt	.60	8.3	18	87	16	17⅛	16	
2	1	AlMoa s			23	243	1⅝	1½	1⅝	
27⅛	21	AlaP pf2.84e		11.		250	27	27	27	
32¼	26¾	AlaP plA3.92		12.		4	31⅞	31⅞	31⅞	−⅛
7½	6	AlaP dpf.87		12.		7	7⅜	7⅜	7⅜	+⅛
73½	61⅛	AlaP pf 9		12.		z9390	75½	72¾	75	+2
103¼	85¼	AlaP pf 11		11.		z50	102¾	102¾	102¾	−¼

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 40

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
7⅞	3⅝	Vendo			150	512	7⅞	7⅛	7⅛	+½
10⅝	8¾	VestSe1.20a		12.		72	10½	10¼	10⅜	+⅛
45⅝	25½	Viacom .42		1.9	10	1067	41½	41⅜	41½	
45	30½	VaEP pf 5		11.		z200	45	44	45	
67	54	VaEP pf7.72		12.		z1000	64¾	64¾	64¾	+⅛
84¼	60½	VaEP pf9.75		12.		z50	82½	82½	82½	−1
62¼	48⅛	VaEP pf7.20		12.		z160	61½	61½	61½	
64	51¾	VaEP pf7.45		11.		z560	u65	64	65	+1
21⅝	11⅞	Vishay s			14	12	20½	20⅜	20⅜	−⅛
41⅝	28	Vornad			11	31	40	40	40	
78	60½	VulcnM2.80		3.9	11	106	72¾	72½	72½	−¼
		W W W								
28¼	22	WICOR2.30		8.2	8	127	28⅛	27⅞	28⅛	+¼
37¼	21⅛	Wachvs 1		2.7	11	260	36½	35⅞	36⅜	+⅛
25¼	18½	Wackht .60		3.2		z11	18⅝	18⅝	18⅝	+⅛
10¾	6¼	Wainoc			475	83	9½	9⅜	9½	−⅛
48½	34½	WalMrt .28		.6	25	2148	47⅞	46⅝	47½	+1
54⅝	28⅝	Walgrn .88		1.8	18	262	49⅝	49	49¼	
27¼	14¼	Wlgrn wi				43	25	24¾	24¾	−⅛
22¾	15⅝	WkHRsg1.40				21	21⅜	21⅛	21⅜	
38⅛	23¾	WalCSv .45		1.3	17	169	35	34	34¾	+1
37	22	WaltJml.40		4.3	7	338	33	32⅝	32⅞	+⅜
9¾	7½	WaltJ pf 1		11.		y19	8⅞	8⅞	8⅞	
28⅜	17¾	Warnco .88		4.1	11	137	21½	21¼	21¼	−⅛
30½	17	WrnCm				5517	30⅜	29⅞	30	
39⅜	28¾	WarnrL1.48		3.9	13	2283	37½	36⅝	37½	+¼
20½	14¾	WashGs1.66		8.2	8	160	20⅛	20	20⅛	
26¼	15⅝	WshNat 08		4.2	8	298	26	25¼	26	+¾
21⅛	10	WshWt 2.48		12.	0	207	21½	21¼	21½	+⅛
54⅝	27¼	Waste .80		1.0	17	971	50⅞	50⅜	50¾	−⅛
28¾	20	WatkJn .38		1.5	18	38	23¾	23¼	23⅝	+¼
12¾	8¾	WayGos20		2.2	9	7	9¼	9¼	9¼	
26	20⅛	WayG pf1.60		8.0		12	20	d20	20	−⅛
12½	4	WeanU				63	9	8½	8⅞	−⅛
23⅜	12⅛	WebbD.20e		1.1	13	1972	18¾	18⅜	18¾	+⅞
40	29⅞	WeisMk.70		1.9	14	13	38	37¾	37¾	−¼
57	30⅞	WellsF 2.40		4.4	6	677	54¾	54⅛	54¾	
28¼	22⅞	WelFM2.80		11.	11	48	26	25¾	25¾	−⅛
17⅛	10⅝	Wendys .21		1.3	16	2615	16⅜	15⅞	16¼	−½
24¼	18¼	WestCo .44		1.8	13	124	22¾	22⅝	22⅝	+¼
43	34	WPenPpf4.50		11.		z400	41	40	40	−1
46½	34⅜	WstPtP2.20		6.1	10	130	36¼	35½	36¼	+¾
12	9⅞	WstctTg1.84			27	42	11½	11½	11½	
6½	2⅝	WnAirL			75	3150	8¼	8	8	−⅛
1⅞	⅝	WtAir wt				93	1¾	1⅝	1⅝	
19	8¼	WAir pf 2		11.		20	18¼	18⅛	18¼	
19⅞	8¾	WAir pf2.14		11.		37	19	18⅞	19	+⅛
10⅛	4	WCNA				1342	7½	7	7	−½

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
		X Y Z								
47½	33¼	Xerox	3	6.0	19	1634	48⅛	45¼	45⅜	−¾
52½	43¼	Xerox pf5.45		10.		12	52⅜	52⅜	52⅜	+⅛
30	24	ZaleCp 1.32		4.8	8	34	27½	27¼	27½	+⅛
24⅜	13	Zapata .34		3.3	26	472	13¼	d12⅞	13¼	+¼
219	219	Zapat pf 2		1.9		1	203	d203	203	−5½
62¾	32	Zayre .40b		.7	15	207	61¾	60¾	61⅝	+⅝
30⅜	18⅛	ZenithE			0	459	20	18⅞	19⅞	−⅛
21⅞	14⅜	Zero s .32		1.7	17	4	18⅝	18½	18⅝	+⅛
31⅜	21⅞	Zurmn 1.32		4.4	11	549	30¼	30	30¼	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May. 8	Price Sch%	+ or —
Creditanstalt	355	+8
Goesser	540	+10
Interunfall	830	+30
Laenderbank	810	—4
Perlmooser	650	+16
Steyr-Daimler	105	+9
Veitscher Mag	620	+16

BELGIUM/LUXEMBOURG

May 8	Price Frs.	+ or —
B.B.L.	1,880	—10
Banq. Int. A. Lux	6,150	......
Bekaert B.	6,300	—100
Ciment CBR	2,590	......
Cockerill	028	+6
Delhaize	8,050	+50
EBES	2,813	+10
Electrobel	6,560	—20
Fabrique Nat.	1,900	......
GB Inno BM	8,060	+30
GBL (Brux)	1,950	+30
Gevaert	5,530	+25
Hoboken	6,520	......
Intercom	2,310	+55
Kredietbank	8,110	......
Pan Hldgs.	11,000	+950
Petrofina	6,600	+10
Royale Belge	11,600	......
Soc. Gen. Banq	3,093	+59
Soc. Gen. Belge	1,880	+30
Sofina	6,800	+30
Solvay	4,160	+10
Stanwick Intl.	1,580	......
Tractionel	3,620	+63
UCB	4,820	+060
Wagon Lits	5,050	......

DENMARK

May 8	Price Knr %	+ or —
Andelsbanken	290	......
Baltic Skand	550	+5
CopHandelsbank	263xr	+4
D. Sukkerfab	556	......
Danske Bank	997	+9
De Danske Luft	1,180	......
East Asiatic	208	......
Forenede Brygg.	890	......
Forenede Damp.	136	+4
GNT Hldg	425	......
I.S.S.B.	490	......
[illegible]	[illegible]	[illegible]

GERMANY

May 8	Price Dm.	+ or —
AEG-Telef	111.2	+0.4
Allianz Vers	1241xr	+9
BASF	203.6	+0.5
Bayer	211.8	—0.4
Bayer-Hypo	331	—4
Bayer-Verein	346	+1
BHF-Bank	289	+3
BMW	375	+3.5
Brown Boveri	612.2	—0.6
Commerzbank	178.5	+1.8
Cont'l. Gummi	138.8	+2.9
Daimler-Benz	683.6	+6.3
Degussa	351	+1
D'sche Babcock	163.3	+1.6
Deutsche Bank	474.7	+1.2
Dresdner Bank	224.6	+1.4
GHH	149.5	—1.3
Hochtief	476	+6
Hoechst	211.9	+0.4
Hoesch Werke	107	—1
Holzmann (P)	438	—6
Horten	158.7	+0.7
Hussel	692	+1
Karstadt	297	—0.8
Kaufhof	626.5	—1.5
KHD	250	—1
Kloeckner	70.8	+0.5
Linde	426.5	—1.3
Lufthansa	189	......
MAN	146.5	+0.5
Mannesmann	161.5	—1.7
Mercedes Hld.	598	......
Metallgesel	931	—3
Munich Rueck	1,360	+98
Nixdorf	665.8	—6
Porsche	1205	—7
Preussag	274.5	+1
Rhein West Elect	187.2	—0.8
Rosenthal	254.8	......
Schering	441	—0.6
Siemens	541.5	+1.5
Thyssen	98.5	—0.9
Varta	178	+1
Veba	181	+0.6
V.E.W.	127.0	+0.4
Verein-West	612	—1
Volkswagen	913	+9.8

ITALY

May 8	Price Lira	+ or —
Banco Com'le	17,200	......
Bastogi-IRBS	206	—3.7
[illegible]	[illegible]	[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Anvil Pet	272	+ 9
ANZ	83	+ 8
Barr & WAT A	102	+11
Berkeley Expl	143	+15
Bowater Inds	284	+14
Brammer	320	+ 8
British Telecom	153	+ 3
Burmah Oil	255	+15
Carr (John)	86	+18
Charter Cons	200	+10
Costain	390	+14
Debenhams	290	+ 6
Highland Part	285	+23
Hillards	398	+28
Milford Docks	77	+ 5
Our Price	455	+15
Pancont'l Mining	105	+ 7
Pentland Inds	755	+25
Poseidon	235	+10
Reckitt & Colman	506	+ 8
Thorn EMI	443	+ 5
Valin Pollen Intl	590	+55
Vickers	306	+12

FALLS

Ex 12 98	£103¼	—£1
Tr 2½ I L 03	£98⅛	—£¾
Bank of Scotland	357xr	— 9
Cater Allen	505	—20
Heath (CE)	553	—10
Plessey	182	— 6
TSL Thermal S	290	—10

Continued on Page 50

CANADA

TORONTO

Closing prices May 8

[illegible]

Total sales 12,163,495 shares

MONTREAL

Closing prices May 8

[illegible]

Total Sales 1,961,658 shares

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 41

[illegible]

MARKET REPORT

Further consideration of money supply trends puts gilts down another point

Account Dealing Dates

Option *First Dealings	Declara- tions	Last Dealings	Account Day
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Further consideration of last month's dreadful banking statistics, which showed UK money supply far beyond the authorities' target range, again depressed Government bonds in London yesterday. A gloomy financial Press on the figures was only to be expected and, although Gilt-edged dealers took the precaution of marking prices lower at the opening, a fair amount of nervous selling developed. The sales encompassed maturities ranging from short to ultra-long life.

As yields continued the process of adjustment to a longer period of high interest rates—any lingering hope of lower bank base rates disappeared with the surge in money growth — longer-dated Government stocks were forced to bear the bruot of the selling. Some fell another point because buyers were extremely shy, even when offered stock of selected issues at choice rates.

Index-linked stocks also succumbed, falling ½ in places, but the losses in conventional gilts tapered to only ¼ among the shorts. Offtake here was more encouraging, especially for some low-coupon specialist issues.

Leading shares were also lowered at the outset but they soon demonstrated the resilience which has been underlying the market for the past 10 trading sessions. Selective inquiries from a few institutions within the first hour of business helped and by 11.00 am the FT Ordinary share index had regained all of an opening 3.4 loss to stand 3 points up on balance.

Investors may have been encouraged to commit funds to o market expected to perform confidently in the run-up to the British Aerospace offer-for-sale and next month's call on British Telecom shares. Interest faded during the afternoon but with a stronger dollar helping to support international stocks, the firm tone was maintained and the index closed a net 2.7 higher on the session at 988.5.

Discount Houses down

The fresh weakness of gilts and receding hopes of an early reduction in base rates depressed Discount Houses. Quotations opened easier and drifted progressively lower to close with double-figure falls in places. Union dropped 10 to 700p and Gerrard and National relinquished 15 at 335p, while Cater Allen gave up 20 to 505p. Awaiting today's preliminary figures, King and Shaxson lost 4 at 174p. Elsewhere in the banking sector, Bank of Scotland were quoted ex rights at 357p, down 9, while the new nil-paid shares closed at 153p premium, after being up to 162p premium. Australian issues continued firmly on domestic and currency influences. National Australia Bank added 8 at 228p and ANZ put on 9 more to 272p; the latter's interim results are scheduled for May 20.

Minet edged 2 higher to 229p among Lloyds Brokers, but Willis Faber foll 11 to 647p and Stewart Wrightson declined 10 to 585p. Awaiting further news from the merger discussions, C. E. Heath gave up 19 to 553p and Hogg Robinson cheapened 4 to 279p. Composites passed a quiet session ahead of today's first-quarter profits statement from Royals, unaltered ot 585p.

Clayform Properties staged a successful debut in the Unlisted Securities Market; the shares opened at 170p and moved up to 175p compared with the offer price of 165p. Dealings also started in American Electronic Component, formerly American Oilfield Systems; offered for subscription at 20p, the shares started life at 24p and touched 26p prior to closing at 25p.

Breweries attracted occasional support ahead of the forthcoming dividend season. Best levels were not maintained, however, although gains remained in the majority. Bass, interim figures scheduled for May 22, closed a net 2 dearer at 537p, after an earlier 542p. Guinness attained a 1985 peak of 257p before settling only 3 up on balance at 255p. Among subdued Regionals, Mansfield dipped 15 to 399p in belated reaction to the £40m cash purchase of North Country Breweries from Northern Foods.

The Building sector provided several outstanding movements. Costain revealed preliminary profits in excess of market estimates and moved up to 394p prior to closing a net 14 up at 390p, while timber group John Carr (Doncaster) leapt 18 to 88p on news that the company had entered into negotiations which could lead to an agreed merger. Rugby Portland Cement, mentioned as a possible suitor for John Carr, slipped 1½ to 120½p. Elsewhere, Breedon and Cloud Hill Lime Works rose 6 to 222p in a restricted market while recently neglected Bellway firmed 4 to 133p.

Debenhams firm

Stores closed with mixed movements. Perennial takeover favourite Debenhams rose 6 to 290p awaiting today's preliminary figures which aro expected to show pre-tax profits of around £41m. British Home, which revealed excellent annual results on Tuesday, improved 2 more to 295p. Marks and Spencer, which also announced full-year figures on Tuesday, touched 140p before settling only 2 up on balance at 136p.

Noteworthy movements among secondary Stores were few, although fresh interest was noted for Our Price, 15 up at 455p, and for Owen Owen, 5 to the good at 230p, after 235p. T and S Stores rose 6 to 140p following a "buy" recommendation from brokers de Zoete and Bevan.

British Telecom, which announced plans to expand its interests in North America via the acquisition of CGT of Toronto, attracted further institutional support and closed the session 3 better at a best yet of 153p. Thorn EMI, at 443p, retrieved 5 of Tuesday's fall of 17 which stemmed from comment on the company's consumer electronic business, but Plessey came on offer and ended 6 lower at 182p; the preliminary figures were released on May 24 last year. BICC cheapened 2 to 230p, after 227p, and Standard Telephones and Cables eased 4 at 202p. Philips Lamps gave up ¼ to £12¼ on news of lower first-quarter profits. Among secondary Electricals, Miles 33 rose 10 to 360p in response to the annual results.

Vickers again dominated the Engineering leaders, advancing 12 more for a two-day rise of 30 to 306p on buying stimulated by the Reliance Financial Services' stake. Among secondary issues, Westland edged up 4 to 147p awaiting fresh bid developments, while Linread met with country buying following the chairman's statement at the annual meeting to close 5 dearer at 43p. Concentric rose to 75p on the interim figures before profit-taking brought a close of 2 down on balance at 71p. Occasional offerings left Whessoe 4 cheaper at 104p and Simon Engineering a like amount down at 246p.

BTR improve late

BTR provided the major movement among miscellaneous industrial leaders, advancing late to close 12 higher at 724p following bullish reports from a brokers presentation yesterday in Scotland. Beecham, down to 345p initially, rallied to close without alteration at 350p, while Reckitt and Colman staged a useful revival at 508p, up 8. Elsewhere, a late flurry of speculative activity, which resurrected bid rumours, left Rewater 14 to the good at 284p. Brammer were also the subject of revived takeover speculation and closed 8 dearer ot 320p. Further consideration of the company's plans for a separate U.S. quotation for its subsidiary Reebok of America left Pentland Industries 35 higher at 755p. Preliminary figures from European Ferries, a penny dearer at 145p, after 148p, failed to excite but Rolfe and Nolan continued to respond to a newsletter recommendation and closed 3 higher at 153p. TSL Thermal Syndicate met with fresh profit-taking and gave up 10 further at 290p. British Aerospace encountered another brisk trade before settling a few pence easier at 405p; the Government's offer for sale of its remaining stake closes tomorrow. Elsewhere, Broken Hill Proprietary gained 15 more to 377p on Australian influences.

Motor sectors remained mixed. Jaguar eased a couple of pence to 282p in front of today's annual meeting. AE attracted renewed interest and hardened 3 to 154p, while among Distributors, Glanfield Lawrence, preliminary figures due tomorrow, rose 3 to 50p.

Dealers reported another reasonable turnover in the Property sector in the wake of recent Press comment highlighting rising rental values. Significant movements, however, were few and mainly confined to secondary issues. Samuel Properties were a penny better at 163p following news of the acquisition of the Effra Coldstone site on the South West corner of Vauxhall Bridge in London where it plans a major residential scheme. Elsewhere Five Oaks Investment added 1½ to 35p in reply to increased interim profits, but Markheath, 8 down at a low for the year of 72p, reflected occasional selling in an unwilling market.

Burmah advance

Nervousness over international crude oil prices prompted a rather negative session in the leading oils which tended to give ground after a steady opening. BP, which hardened initially to around 558p, gradually eased back to close a couple of pence down at 553p; first-quarter results are scheduled for next Thursday. Burmah continued to reflect persistent takeover speculation and demonstrated sustained strength throughout the session to end the day a further 15 higher at 255p—a rise of 33 during the current account.

Secondary issues were highlighted by the strength of Berkeley Exploration and Anvil Petroleum. The former jumped 15 to a year's best of 143p amid talk of a possible bid coupled with rumours of an oil find in the North Sea well currently being drilled in partnership with Britoil. Anvil, the subject of a share-exchange offer from Berkeley, rose 8 to 63p, after 65p, in sympathy. Elsewhere, Highland Participants rose 23 to 285p, after 288p, in a thin market, while bid hopes boosted Monument Oil and Gas 3 to 24p. Irish exploration issues showed gains of 8 common to Bryson, 153p, and Eglinton, 106p.

Australian gains

Another strong showing by overnight Sydney and Melbourne markets and a firm performance by the Australian dollar combined to push Australian mining issues sharply higher for the second consecutive day.

Leading diversified stocks made the running with double-figure gains common to Western Mining, 241p, Renison, 310p, CRA, 372p, and Peko-Wallsend, 258p. Golds also attracted persistent support. Poseidon moved up 10 to 235p, Gold Mines of Kalgoorlie a like amount to 520p and Sons of Gwalia 8 to 112p. The more speculative stocks provided a number of features, including Australian Consolidated Minerals which put on 3 more to 86p, and Metramar, 7 firmer at 72p.

The six-day decline in South African Gold and related markets was arrested by an easier trend in sterling and a general shortage of stock. Bullion was a much steadier market than of late and this prompted good buying interest from Johannesburg which boosted prices throughout the list of Golds. The Gold Mines index rallied 8.1 to 478.5.

UK-domiciled Financials moved narrowly with the notable exception of Charter Consolidated which added a further 10 to 200p reflecting American demand. In South African issues Johannesburg support was forthcoming for De Beers, 10 better at 440p.

Total contracts struck in Traded Options amounted to 6,064. The FT-SE 100 accounted for 325 calls and 753 puts, while the short Gilt contract was active with 381 calls, 100 in the May 94's, and 352 puts transacted. British Telecom recorded 974 calls and 240 puts.

FINANCIAL TIMES STOCK INDICES

	May 8	May 7	May 6	May 3	May 1	Apr. 30	year ago
Government Secs.	80.08	80.56	81.10	81.06	81.13	81.28	80.45
Fixed Interest	85.33	85.70	80.78	86.62	85.66	85.60	85.38
Ordinary	988.5	980.8	982.8	989.2	979.4	971.4	893.2
Gold Mines	478.5	470.4	483.3	485.4	487.1	501.5	643.8
Ord. Div. Yield	4.01	4.65	4.81	4.01	4.63	4.59	4.35
Earnings, Yld % (full)	11.59	11.03	11.57	11.58	11.02	11.70	10.06
P/E Ratio (net) (*)	10.51	10.47	10.09	10.03	10.42	10.54	11.96
Total bargains (Est.)	94,319	28,850	24,133	23,542	19,131	24,065	20,093
Equity turnover £m.	—	361.06	333.24	447.08	325.54	075.10	237.758
Equity bargains	—	29,064	20,371	21,822	20,033	12,628	18,209
Shares traded (ml)	—	176.0	170.4	194.3	132.0	179.8	134.4

10 am 982.4. 11 am 988.8. Noon 989.5. 1 pm 988.3. 2 pm 986.0. 5 pm 988.8.

Basis 100 Govt. Secs. 10/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026

* Nil=10.20.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.08 (23/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.03 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.0 (22/1/85)	49.4 (26/6/40)
Gold Mines	005.8 (15/4)	409.0 (25/1)	734.7 (15/2/83)	45.0 (26/10/71)

S.E. ACTIVITY INDICES

	May 7	May 3
Daily Gilt Edged Bargains	151.0	126.8
Equities Bargains	145.0	133.9
Value	730.8	075.5
5-day Average Gilt Edged Bargains	129.6	124.0
Equities Bargains	135.1	135.0
Value	743.4	724.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (78)

BANKS (1): Republic Hldgs.
BREWERS (2): Devenish (J. A.), Guinness
BUILDINGS (6): Breedon Lime, Marshalls Halifax, Carr (John), Rowlinson, Costain, Wilson (Connolly)
STORES (6): Aquascutum, Fine Art Dvlpmnts., British Home Stores, Milletts Leisure, Da Brett (Andre), Our Price, Debenhams, T & S Stores
ELECTRICALS (8): British Telecom, Pincom, Farnell Electronics, Systems Reliability, Miles 33
ENGINEERING (12): Aurora 5pcCnvRdPfd, Jackson (J. & H.B.), BM Group, Linread, Concentric, Locker (T.), Cooper Inds., Neepsend, Habit Precision, Staveley Inds., Hall (Matthew), Vickers
FOODS (2): Cullen's Hldgs., Hillards
INDUSTRIALS (8): Abbey, Newman Inds., Bowater Inds., Pentland Inds., British Syphon, Prestwich, B.H. Prop., Rolfe & Nolan
LEISURE (1): Barr & W.A.T. A
MOTORS (1): Western Motor
NEWSPAPERS (2): Bristol Evening Post, Fleet Hldgs.
PAPER (2): Valin Pollen Intl., Wight Collins RS
PROPERTY (5): Cardiff Property, Moomleigh, Daejan (Hldgs.), Mountview Ests., H.K. Land
SHIPPING (1): Turnbull Scott
TRUSTS (3): German Small Inv., Tor. Inv. Cap., N. British Canadian
OILS (8): Anvil Petroleum, Genoa NL, Berkeley Expln., Highland Prticpnts., Bryson Oil & Gas, Pennine Resources, Burmah, Woodside, Eglington Oil
MINES (10): New Wits., MIM Hldgs., ACM, North Kalgurli, Emperor Mines, Ok. Margaret Gold, Forsayth Oil & Gas, Reelson, Metramar Minerals, Spargos Explo.

NEW LOWS (33)

FOREIGN BONDS (1): Chinese 5pc '25 Boxer
AMERICANS (2): Amax, Brunswick
CANADIANS (1): Brascan
BANKS (2): R'schild (J.) Hldgs., Smith St. Aubyn
BREWERS (1): Davenport's Brewery
BUILDINGS (1): Rugby Prtnd. Cement
ELECTRICALS (7): Acorn Computer, Philips Lamps, Dubilier, Quest Automation, Micro Bus. Systems, Tunstall Telecom, Microlease
FOODS (1): Squirrel Horn
HOTELS (1): I.O.M. Enterprises
INSURANCE (2): Heath (C. E.), Minet Hldgs.
LEISURE (3): HTV NonVtg., Tyne Tees TV A, Nationwide Leisure
MOTORS (1): BL
PAPER (1): Brunning Restrctd. Vtg.
PROPERTY (2): Laing Props., York Mount
TEXTILES (2): Coats Patons, Lyles (S.)
TRUSTS (2): Cartmore Info. & Fin. Tst., 1928 Invest.
OILS (1): Ohio Resources
PLANTATIONS (1): Anglo-Indonesian
MINES (1): Gopeng Berhad

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Am Elect Components	25	—
Anvil Petroleum	63	+8
Brammer	320	+8
Burmah Oil	255	+10
Costain	390	+14
Eglinton Oil and Gas	108	+8
European Ferries	145	+1
Hillards	388	+26
Marks and Spencer	136	+2
Pentland Inds	755	+35
Reckitt and Colman	508	+8
Valin Pollen Ind	580	+56

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	97	0
Corpns Dom & Foreign Bonds	5	39	31
Industrials	230	336	882
Financial & Props	58	145	335
Oils	35	20	70
Plantations	4	6	7
Mines	86	78	76
Others	60	65	86
Totals	482	746	7,473

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▌ Allotment letters or fully-paid. ‖‖ Introduction. ⊕ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). ‡ Units comprising 4 Ord., 1 Warrant and £1.00 of 12½ per cent Uns.Ln. stk. 1996-99.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23

For rate indications see end of Share Information Service

Call options were arranged in Dale Electric International, Bristol Oil and Minerals, Talbex, Keep Trust, Minet Holdings, Polly Peck, Consolidated Gold Fields, Phicom, British Telecom, Francis Sumner, APV, John Brown, Turner and Newall, Travis and Arnold, Crest Nicholson and Aberfoyle. Puts were struck in SGB, Cronite, Pentland and F. J. C. Lilley, while a double option was taken out in Birmid Qualcast.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Br Home Stores	18	293	+11
BP	18	555	−10
ICI	15	744	−8
Domino Prntg	13	278	−7
Glaxo	13	£11⅝	−⅛
Rolfe & Nolan	13	150	+10
Bass	12	535	−10
Bridport-Gundry	12	138	+8
Br Aerospace	12	407	+4
Garner Booth	12	223	−10
BAT Inds	11	310	+2
Cable & Wire	11	565	+0
Falcon Res.	11	370	−40
Marks & Spenc	11	134	−2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed May 8 1985

[illegible]

FIXED INTEREST

[illegible]

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	283	17	—	—	—	—	$313.30
GOLD C	$320	—	—	—	—	25	24.50	"
GOLD C	$340	—	—	0	5.60	2	10	"
GOLD C	$360	—	—	5	4.20	5	10	"
GOLD P	$280	0	0.10A	10	2.80	—	—	"
GOLD P	$300	—	—	—	—	03	9.50A	"
GOLD P	$320	—	—	9	15	4	10	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 20,128

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*183)	160	24	39	—	1½	2	—
	180	3	13	12	4	8	19
	200	9	8	13	19	88	27
	220	0½	0	0	32	41	44

[illegible]

May 8. Total contracts 6,064. Calls 3,324. Puts 2,740.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¾	99½	Treas 11½pc 1985	99[illegible]	—	[illegible]	12.59
90[illegible]	97¾	Treas 8¾pcCnv '85	98[illegible]	—	[illegible]	12.90
101[illegible]	99[illegible]	Exch. 12¼pc 1985	99[illegible]	–[illegible]	[illegible]	12.46
101[illegible]	99[illegible]	Exch. 11¼pc '86	99¼	–[illegible]	11.[illegible]	11.98
99[illegible]	97[illegible]	Treas. 10pcCnv 1986	98[illegible]	–[illegible]	10.1[illegible]	12.16
94[illegible]	92[illegible]	Treas 3pc 1986	94	—	5.1[illegible]	9.26
100	97½	Exch. 10½pc Cv '86	98[illegible]	–[illegible]	[illegible]	11.98
101[illegible]	99[illegible]	Treas 12pc 1986	100[illegible]	–[illegible]	11.[illegible]	12.01
97[illegible]	94[illegible]	Treas 8¾pc 1984-86‡‡	96[illegible]	–[illegible]	[illegible]	11.70
105[illegible]	102[illegible]	Exch. 14pc 1986	102[illegible]	–[illegible]	[illegible]	11.90
91[illegible]	87[illegible]	Exch. 2½pc 1986	91[illegible]	–[illegible]	[illegible]	8.90
104[illegible]	101¼	Exch. 13¼pc 1987	102	–[illegible]	12.[illegible]	11.86
99½	96[illegible]	Treas 10¼pcCv '87	97[illegible]	–[illegible]	[illegible]	11.78
90	85½	Exch 2½pc 1987	89[illegible]	–[illegible]	2.81	9.19
99[illegible]	96[illegible]	Exch. 10½pc 1987	97¼	–¼	10.74	11.82
95	89	Funding 6½pc '85-87‡‡	92	–¼	7.07	11.11
98[illegible]	95½	Treas. 10pc 1987	96[illegible]	–¼	10.34	11.87
87[illegible]	84[illegible]	Treas 3pc 1987	87[illegible]	+[illegible]	3.43	9.54
102[illegible]	99[illegible]	Treas. 12pc 1987	100[illegible]	–[illegible]	11.95	11.77
93[illegible]	90[illegible]	Treas 7¾pc 1985-88‡‡	92[illegible]	+[illegible]	8.40	11.08
98[illegible]	95[illegible]	Exch 10½pc '88	97[illegible]	–[illegible]	10.81	11.66
96[illegible]	93[illegible]	Treas 9¾pc Cv '88	95[illegible]	+[illegible]	10.25	11.70
83[illegible]	60	Transport 3pc '78-88	83[illegible]	–[illegible]	3.60	9.23
95[illegible]	91½	Treas. 9½pc '88	93[illegible]	–[illegible]	10.15	11.79
101[illegible]	97½	Treas 11½pc 1989	99[illegible]	–[illegible]	11.57	11.66
95[illegible]	90[illegible]	Treas 9½pc Cnv. '89	93	–[illegible]	10.22	11.76
[illegible]	79	Treas 3pc 1989	79	—	3.[illegible]	9.40
[illegible]	94	Treas 10½pc 1989	96[illegible]	—	10.[illegible]	11.74
[illegible]	92	Exch 10pc 1989	94[illegible]	–[illegible]	[illegible]	11.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

350	140	♦Centennial Min'ls.	150	−3	—	—	—	
120	70	♦Colby Res Corp.	80	......	—	—	—	
550	450	Cons. Murch. 10c	450	......	†Q100c	1.4	10.8	
48	28	‡Essex Int. Ir10p	34	−1	—	—	—	
117	73	♦Greenwich Res. Inc.	77	......	—	—	—	
215	157	Hampton Areas 10p	197	+2	3.75	2.1	2.6	
260	160	♦Highwood Res.	180	+5	—	—	—	
£22½	£18	Homestake Mining $1	£20¼	+½	Q20c	—	0.8	
310	190	♦McFinley Red Lake	270	+3	—	—	—	
300	195	♦Musto Explorations	268	−10	—	—	—	
55	23	♦New Sabina Res C$1	47	......	—	—	—	
375	260	Northgate C$1	335	−15	—	—	—	
685	581	RTZ	638	......	20.0	2.7	4.6	
£145½	£129	Do. 9½pcLn '95-2000	£137	......	Q9½%	14.0	†7.1	
£13¾	£10	♦Tara Expts $1	£13½	−¼	—	—	—	

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	......	Arnott	178	−2
Craig & Rose £1	£9	......	CPI Hldgs	50	......
Finlay Pkg. 5p	61	......	Carroll Inds.	118½	......
Higsons Brew	140	−5	Dublin Gas	54	......
Holt (Jos) 25p	745	......	Hall (R. & H.)	55	+2
IoM Stm. £1	95	−2	Heiton Hldgs.	15	+1
IRISH			Irish Ropes	45	......
Exch. 12% 1985	£100	......	Jacob (W. & R.)	72xd	+1
Nat. 9¾% 84/89	£89⅞	−⅛	Unidare	83	......
Fin. 13% 97/02	£98¼	−¼			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	18	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	Property	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	10	Cap Counties	18
Barclays	48	Jaguar	20	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	20
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	Oils	
Brit Aerospace	33	Lucas Inds	25	Brit Oil & Min	4
Brit Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J)	5	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	4	Charterhall	4
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	20	Ultramar	19
Distillers	28	Racal Elect	18	Mines	
Dunlop	6	RHM	12	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	4	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met.	25	Tesco	20		
GUS 'A'	68	Thorn EMI	35		
Guardian	60	Trust Houses	19		

A selection of Options traded is given on the London Stock Exchange Report page.

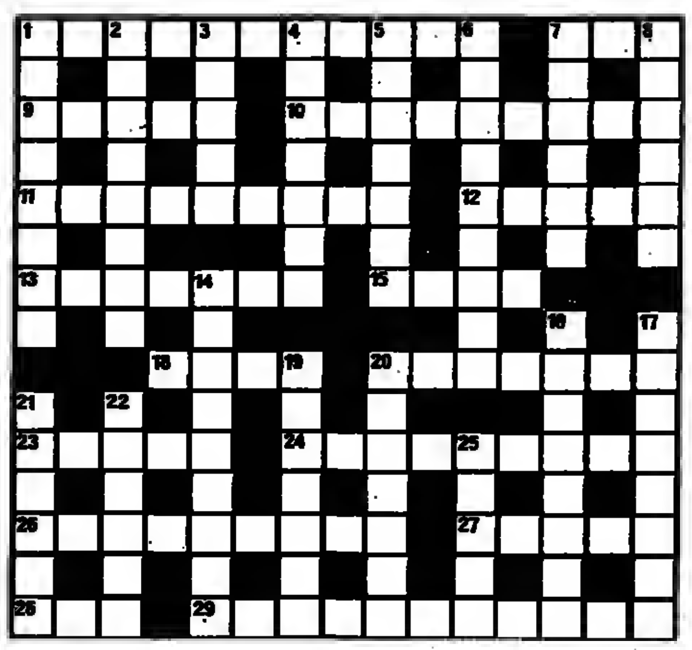
"Recent Issues" and "Rights" Page 43

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,713



ACROSS

1 Concerning shining ensemble that's quite breathtaking (11)
7 A portion of pate and toast—a light meal (3)
9 The story gripping novices in France (5)
10 Leading directors right (9)
11 Keep going through separate point (9)
12 The sound beams will get put up (5)
13 Ties up the non-male and there's trouble! (7)
15 Cutting in error (4)
18 Goddess given hard time (4)
20 Indicate the wise man fallows coppers about (7)
23 Senior NCO taking a quiet break (5)
24 Down-to-earth (9)
26 Finish with bun-mix, being far from flexible (9)
27 Trains one or two (5)
28 A beastly mother, however one looks at it (3)
29 The high seas (6-5)

DOWN

1 He offers the usual treatment for everyone on a ring road (8)
2 Brook, strange to relate (8)
3 Egghead occupying pleasant member of the family (5)
4 They're essential in hospital, relatively speaking (7)
5 Not ordered to call a ship after one (2, 1, 4)
6 Stuff being dear, appear agitated (9)
7 Appalling sort of shirt and something to smoke brought back (6)
8 The medico's entering a new boy's name (6)
14 The Cockney's drunk! (9)
16 Dance orchestra led by a woman (8)
17 Lacking brains, she deals in a disorganised way (8)
19 A row about the Spanish workshop (7)
20 Artist having no space round back for a masterpiece (7)
21 Put on, like all middle-men (6)
22 Talk incessantly of overweight in the small child (6)
25 "How use doth breed a . . . in a man!" Shakespeare (Two Gentlemen of Verona) (5)

Solution to Puzzle No. 5,712

[redacted]

INSURANCE, OVERSEAS & MONEY FUNDS

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Global Equity Fund (z)	94.5	100.3	-0.3	—
Bal. Inc. Fd.	303.9	321.6	-0.4	—
Property Fd.	300.5	318.0		—
Gilt Fd.	238.4	252.3	-1.0	—
Deposit Fd.‡	200.2	211.9		—
Man. Pens. Fd.	65.9	69.8	+0.1	—
Equity Pens. Fd.	68.8	72.9	—	—
Prop. Pens. Fd.	56.8	60.2		—
A. G. Bond Fund (z)	74.5	78.9	+0.1	—
Dep Pen Fd‡	50.4	37.4		—
Gilt Pens Fd.	53.5	56.7	-0.4	—
Global Eq Pens Fd	74.7	79.1	-0.3	—

‡Weekly dealings.

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Equity	583.3	614.0	+1.3	—
Fixed Interest	258.8	[illegible]	-2.3	—
Managed	308.6	[illegible]	-0.3	—
Deposit	180.7	[illegible]		—
Overseas	180.1	[illegible]	+0.7	—
Property	286.3	301.1	-0.2	—
American	198.6	209.1	+2.6	—
Australian	122.0	[illegible]	+3.2	—
European	187.3	197.3	-0.4	—
Gilt & Fxd Int	241.8	[illegible]	-0.5	—
Income Accum	266.0	[illegible]	+0.9	—
Income Distrib	207.4	[illegible]	+0.7	—
International	285.2	[illegible]	+0.6	—
Japan Smllr Co's	114.7	121.1	+0.4	—
Singapore & Malay	128.2	[illegible]	-6.2	—
Smaller Co's	257.1	[illegible]		—
Tokyo	274.2	[illegible]	+1.2	—
U.K. Equity	242.5	[illegible]	+3.5	—
CGM Vanguard Mngd	263.1	277.1	-0.9	—
Equity Pension	347.1	[illegible]	+1.0	—
Fxd Int Pension	212.6	[illegible]	-2.1	—
Guaranteed Pens	120.3	[illegible]		—
Index-Linked Pens	102.4	[illegible]	+0.3	—
Managed Pension	771.5	[illegible]	+0.4	—
Deposit Pension	218.0	[illegible]	+0.3	—
Overseas Pension	192.0	[illegible]	+1.0	—
Property Pension	254.4	[illegible]		—
Special Ex Pension	329.1	[illegible]	+1.7	—

Prices are for Life Series 9 Accum; Pension Series C Accum May 8.

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks.
Aylesbury (0296) 5941

Managed	314.8	331.4	-0.8	—
Property	244.3	257.2	+0.3	—
Fixed Int.	149.5	157.4	-2.1	—
UK Equity	311.7	348.7	+0.6	—
Intl. Equity	230.8	243.0	+0.2	—
Deposit	142.2	149.7	+0.1	—
Managed Property	126.2	132.9	-0.1	—
American Eagle	104.5	110.0	+0.1	—
Technology	81.7	86.0	+0.3	—
N.S. Special Bond	129.6	136.5	-0.4	—
Pacific	116.9	123.1	+0.1	—
Australian	115.6	121.7	+4.9	—
Japan	156.8	165.1	+0.7	—
Malaysia & S'pore	110.7	116.6	+0.7	—
Commodity	125.3	132.2	-2.1	—
Energy	84.9	89.4	-0.2	—
Gold	122.4	128.9	+0.4	—
Financial	144.5	152.2	-0.1	—
Income	159.9	168.4	-0.3	—
Special Situations	187.8	197.7		—
Preference	110.1	115.9	+0.6	—
Managed Currency	78.7	82.9	-0.3	—
European	97.3	102.3	-0.3	—
Sterling	88			—
Pension Funds				
Managed Pension	842.9	887.3	-0.7	—
Gilt Pens.	293.8	309.3	-4.0	—
Property Pens.	352.0	370.6	-0.5	—
Equity Pens.	366.6	385.9	-0.5	—
Index-L Pen	112.1	118.3	-0.3	—
Guar. Pen	216.6	228.1	+0.1	—
Leveraged Retirement	116.9	123.1		—

Prices quoted are for Accumulation units.

Transinternational Life Ins. Co. Ltd.
55-57, High Holborn, WC1V 6DU. 01-831 7481

Series 2 Man. Fd.	214.5	225.7	+1.1	—
Series 2 Equity Fd.	268.7	282.8	+2.8	—
Series 2 Prop. Fd.	203.1	213.7	+2.8	—
Series 2 Fixed Int. Fd.	193.8	203.9	-0.1	—
Series 2 Money Fd.	140.5	147.8	+0.1	—
Series 2 O'seas Fd.	185.2	194.9	-1.7	—
Tulip Invest. Fd.	421.4	443.4	+2.1	—
Tulip Managed Fd.	295.1	310.6	+1.4	—
Managed Inv. Fd. Inc.	208.3	219.2	+0.9	—
Managed Inv. Fd. Acc.	243.5	256.3	+1.2	—

Wardley

Wardley Japan Trust	$32.24	34.20	—	0.15
Wardley Prv Cap Tst	$10.72	11.33	—	3.95

West Avon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd	£1.20	1.26	+0.09	5.00
US $ Option	$1.00	1.06	—	—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.10	—	+0.13	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Magt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Grth Fd		58.46	-0.07	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust 63 Qu Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.47	9.33	13.86	6-mth
7-day Fnd	12.85	9.60	14.29	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.91	9.65	14.26	6-Mth
7-day Fund	12.65	9.46	13.97	6-Mth
Dollar	7.25	—	—	6-Mth
Money Mngt. Acct	12.50	9.34	14.03	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.50	9.34	14.05	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-658 2777				
Cater Allen	12.00	8.97	13.54	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	13.79	Mth
U.S. Dollar	8.00	6.98	8.30	Mth
German Marks	5.0	4.73	5.12	Mth
Swiss Francs	3.00	1.50	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Embargo-hit Nicaragua to sell bananas in Europe

By Tim Coone in Managua

NICARAGUAN bananas are to be sold on the European market following the U.S. trade embargo which began yesterday.

The Nicaraguan Agriculture Minister, Sr Jime Wheelock, said that between 60,000 and 70,000 40-lb boxes would be ehipped weekly to Gbent io Belgium and from there distributed to various European markets.

In the Californian market, Nicaraguan bananas bad been reedily accepted by major distributors. At an average price of $4 per box in 1984 they nndercut bananas distributed througb the big transnational companies.

Sales of cheap Nicaraguan bananas in California was one reason given by the United Fruit Company for closing its Pacific coast banana plantations in Costa Rica last year.

Tbe Nicaraguan Government took over marketing its own bananas after the Standard Fruit Company broke its marketing contract with Nicaragua in October 1982.

At the time Nicaragua surprised dealers by rapidly finding new buyers in California et lower prices than Standard Fruit, but which nonetheless brought a higher dollar income to Nicaragua.

Sr Wheelock said prices in Europe were higher than in the U.S., but the higber shipping costs would remove mucb of the price advantage.

Bananas are the biggest export affected by the embargo. In 1984 Nicaragua sold $14m of bananas to the U.S., 26 per cent of its U.S. exports.

EEC to give £20m aid for fishing

THE EEC yesterday announced finance of Ecu 35m (£20.4m) for modernising Community fishing fleets and developing fish farming.

Of more than 800 projects submitted for consideration, 442 have been approved this year. Most cover the modernisation of boats, bot 171 projects are for constructing new vessels.

U.S. in exports challenge to EEC

BY NANCY DUNNE IN WASHINGTON

MR JOHN BLOCK, U.S. Agriculture Secretary, who is said to be frustrated by the failure of the Bonn summit to set a date for new international trade talks, is expected to express his displeasure with a big sala of U.S. farm products to a market lost to the EEC.

The sale would be similar to the 1983 deal with Egypt, when the Department of Agriculture used government stocks to subsidise the sale of 1m tonnes of wheat flour and regained one-sixth of the world's wheat flour market in one blow.

Mr Block said be was looking for specific ways to challenge the EEC, especially France, over export subsidies. He said the Community's unwillingness to move forward with trade talks resulted from stubbornness, selfishness and political considerations.

The Secretary bas apparently fought off pressure from U.S. commodity groups to lower by 10 per cent the 1985 loan rate for wheat and feed grains on the grounds that lt would have no immediate impact on exports but would burt American farmers who beve already made commitments based on tha current loan rate.

He is, however, under increased pressure to implemeot programmes to increase U.S. exports. In recent weeks, a number of Congressmen have proposed various export payment-in-kind (PIK) schemes, offering grains or dairy products from government stocks as bonuses for U.S. customers.

Senator Robert Dole, the Senate majority leader, has designed a bonus export incentive programme which would pay exporters with products from government stocks to encourage them to lower their prices. The bonuses could be different commodities from those sold and could be disposed of internationally or through domestic sales.

Mr Block bas consistently opposed broad-based export PIK schemes, arguing that the U.S. can make more effective use of government stocks and funds if they are used more selectively and if other countries are not aware of such initiatives in edvance.

Meanwhile, be yesterday discussed farm trade issues with Mr John Wise, the Canadian Agriculture Minister. The U.S. has become increasingly upset about wheat business lost to Canada and there is coocern about Canada's expansion this year of ecreege devoted to semi-dwarf wbeat which competes directly with U.S. bard red winter wheat.

● Private crop forecaster Conred Leslie has estimated U.S. 1985 winter wbeat production at 2.002bn bushels, compared with 2.06bn bushels last year and the record 1981 crop of 2.097bn bushels.

The everage winter wheat crop over the past five years was 2.024bn bushels, Leslie said.

He predicted an average yield of 39.7 bushels per acre, down alightly from last year's 40 bushels per acre and the record 1983 everage of 41.8 bushels.

Above normal rainfall this spring and excellent growing weather mey result in record yields in Texas, Oklahoma and Kansas, with top yields possible in Ohio and Michigan, he said.

However, dry conditions this spring are developing below-normal yields in Montana, North Dakota and the Carolinas, Leslie said.

Brussels lifts wheat sales limit

BY IVO DAWNAY

UNOFFICIAL reports that the European Commission bas increased its self-imposed limit on subsidised wbeat exports to 16.5m tonnes bas provoked an angry response from EEC grains traders.

If confirmed, it is likely to provoke protests from cereals farmers outside tha Community who resent the EEC's claim to 14 per cent of world market share, saying it is secured artificially through export subsidies.

The grains traders, bowever, have warned Mr Frans Andriessen, the Farm Commissioner, that the limit on exports, if agreed, would force the trade to advise clients to seek supplies from outside the EEC.

"If the EEC does not export, they will buy Argentine wbeat and the EEC will lose these clients for a long time and maybe forever," Coceral, the Community's grains traders' association, said.

Coceral said the Community was not dumping on world markets, as Argentine and Bulgarian grains were being offered at lower prices. Credits and subsidies being offered by Australia, Canada and the U.S. support programmes could equally be regarded as export aids.

The association said there were no provisions under the General Agreement on Tariffs and Trade (Gatt) limiting EEC sales. It calls on the Commission to clarify the situation.

The issue of ceilings on EEC grains sales is among the most sensitive in the EEC's often tense trading relations with other exporting countries. For some time, the Community has limited wheat exports to 14 per cent of a world market assessed at about 100m tonnes.

Although this is not officially accepted by the U.S.—the principal rival exporter—Washington would certainly not welcome any elackening of the restraints.

This year, bowever, a record EEC harvest of over 150m tonnes bas put even greater pressure on Community stores. Coceral's latest estimates expect carry-over stocks of more than 17m tonnes, up from almost 8m last year.

It is understood that althongh Commission market managers are anxious to continue export sales, external relations officials are determined not to provoke further anger among rival traders by markedly increasing subsidised exports.

Latest trade forecasts project e substantially lower harvest next year. A cutback on planting and the cold spring could reduce Community output to just under 130m tonnes, with wheat production down from last year's 70m tonnes to just under 60m, Cocenal believes.

Nevertheless, this does not relieve the pressure in the short term. Latest figures show unsold wbeat stocks at about 11.7m tonnes, barley at 2.1m tonnes, and rye et 693,000 tonnes.

There is also concern at the extent of durum wbeat stocks, now more than 1m tonnes. Traditionally a product for the southern market, durum is now being produced in Denmark and the UK, though output for exceeds demand.

● The Commission authorised the export of 78,000 tonnes of barley at yesterday's tender at e maximum export rebate of 57.98 Ecus. All bids for wbeat were rejected.

Sugar plant for Central African Republic

By David Marsh in Paris

THE CENTRAL African Republic is to set up its first sugar complex in a FFr 200m (£17m) project aimed at producing 6,000 tons a year of white sugar by the end of 1987.

Contracts covering the construction of the complex and its management for five years have just been signed with the French company Agritechnip, part of the Technip plant engineering group.

The agreement covers setting up a sugar cane plantation, now being planted, and the factory itself, designed to produce the equivalent of the country'e annual needs. It will be located in Quaka province.

The small-scale project has been designed using innovative features to save energy and rednce installation and maintenance costs.

The plant, to be owned by Societe de Gestion de Sucreries Centrafricaine, will be financed by the French government'e overseas development agency, as well as several foreign banks and the Saudi Arabian Development Fund.

Australian floor price for wool set to rise

By Our Commodities Staff

THE WOOL Council of Australia bas recommended that the indicativa average floor price for wool at anctions be set at around 500 cents e kilo clean for the 1985-86 season beginning July 1.

The Council's conference was told the price had been beld at 470 cents a kilo for the past two seasons because of an uncertain wool market. The Primary Industries Minister usually accepts the Council's recommendation.

The government-set floor price is the level below which the Australian Wool Corporation (AWA) buys unsold wool.

The council expects an average market price across all wool grades of 570 cents a kilo this year and a drop in stocks to 800,000 bales from the current 1.1m.

● THE COLOMBIAN Coffee Federation bas increased the June expert quota to private exporters by 73,000 (70-kilo) bags to 323,000 bags and the casb retention tax on green coffee beans to 250 pesos from 200.

The quota and tax changes are part of a compromise in which Colombian private exporters bave convinced the fedaration to reduce its tax objective from an original 265 pesos, they said.

● INDIA's COMMERCE Ministry has cut the minimum export price of packet tea by five rupees to Rs 31 a kilo and raised the 1985 export target to 30m kilos from 20m set earlier thia year, Tea Board cbairman R K Tripathy said.

The reduction in the minimum export price would bring the price broadly into line with the average international market price.

● THE WORLD SUGAR Journal raised its estimate of net world surplus sugar stocks for the 1984/85 crop year to 9.79m tonnes from 9.01m forecast last month, and for 1983/84 to 10.32m tonnes from 9.70m.

World sugar prodnction for the 1984/85 crop year is put at 97.38m tonnes against an estimated 1983/84 output of 95.42m, an increase of 2.05 per cent.

Talks on rubber pact broken off

BY WILLIAM DULLFORCE IN GENEVA

THE CONFERENCE seeking to negotiate e new international natural rubber agreement ended inconclusively yesterday, and is unlikely to reopen before early next year.

Mr Peter Lai, executive chairman of the International Tin Council, wbo presided at the talks, said be had been mandated to continue consultations and to ask tha UN Conference on Trade and Development (Unctad) to reconvene the conference when the time seemed right.

Mr Lai said lt was almost certain the existing agreement, due to expire in October, would be extended for two years when the International Natural Rubber Council meets in Kuala Lumpur next month.

He described the Geneva conference, which started on April 22, as "preparatory." Both sides bad stated their positions, but the main issoe, the demand by producers for an increase in the Agreement's price range, had not been formally discussed.

The most positive ontcome of the conference was that the prodncing countries, who were not united before their arrival in Geneva, had etarted to co-ordinate their views.

Our Commodities Editor writes: There was little surprise in London that the negotiating conference ended witbout agreement. It was predicted before the start of the talks that the differences between producer and consumers were too deep and complicated to be resolved.

Consumers had refused to eccept the principle that higher production costs justified a substantial rise in the price range.

Extension of the existing Agreement essentially means maintaining the status quo, with no risa in price range, just as the consumers wanted.

Israeli citrus earnings up

BY DAVID LENNON IN TEL AVIV

ISRAEL'S citrus export earnings increased 40 per cent to $180m in the season just ending, even though sales volume rose by only 1.6 per cent to 35m cases.

The higher prices fetched by oranges, grapefruit and lemons bearing the Jaffa label, were mainly because frost badly hit the Spanish citrus industry.

Frost also severely affected Florida's productioo, enebling Israel to earn another $220m from exporting processed citrus

Despite the impressive improvement in earnings, the Citrus Marketing Board is concerned about Israel's ability to compete after Spain joins the EEC.

"Tho citrus branch is in distress," according to Mr Yitzak Yahev, general manager of the board, "mainly because it was slow to develop new types of fruit, particularly the increasingly popular easy peelers."

The area of land devoted to citrus in Israel has declined 20 per cent since 1978 to only 80,000 acres.

U.S. crude oil stocks soar

U.S. CRUDE OIL stocks soared last week to 349.2m barrels, up 7m barrels on the previous week and 2m on the same week in 1984.

It was the foorth week that crude stocks rose. Stocks of distillate fuel oil moved slightly ahead, up 238,000 barrels from the previous week but 3.5m barrels behind 1984.

Crude oil imports continned their moderate course at 3m barrels, just 605,000 behind tha previous week and 250,000 barrels less than last year at this time. Product imports rose just slightly during the week to 1.7m barrels.

Petrol stocks rose to 214.6m barrels, but they remained far behind 1984 when the U.S. had 249m barrels on hand. Residual fuel oil stocks fell by 504,000 barrels during last week to 45.5m barrels, a level fairly consistent with last year.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	£938-8	+12	944/941
3 months	£950-1	+7.75	059/947

O'fcial closing (am): Cash 941-2 (926-7), three months 951.5-2.5 (943.5-4.5), settlement 942 (927). Final Kerb close: 946-47. Turnover: 13025 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/Low
Cash	£1336-8	—2	1344/1332
Three m'nths	£1247.5-8	+20.25	1249/1232

Official closing (am): Cash 1325-35 (1328-32), three months 1238-40 (1228-30), settlement 1335 (1332). Final Kerb close: 1248.5-49.

Cathodes			
Cash	£1250-5	+12	1247
Three m'nths	£1297-8	+23.5	1937/1336

Official closing (am): Cash 1245-7 (1233-4), three months 1228-9 (1219-20), settlement 1247 (1234). Turnover: 21200 tonnes. U.S. Producer prices 68-72 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	£311-2	—2.75	312
3 months	£309-.3	—1	319/309

O'fcial closing (am): Cash 308.5-10 (319.5-4), three months 309-9.6 (309.5-10), settlement 310 (314). Final Kerb close: 309-9.6. Turnover 3725 tonnes. U.S. Spot: 20-21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	£4610-20	+90.5	—
3 months	£4565-90	+77	4620/4570

Official closing (am): Cash 4650-5 (4565-75), three months 4620-1 (4565-75), settlement 4655 (4575). Final Kerb close: 4560-90. Turnover: 1170 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	£9610-5	—19.5	9575
3 months	£9690-0	+2.6	9600

Official closing (am): Cash 9560-70 (9640-5), three months 9580-5 (9570-80), settlement 9570 (9645).

Standard			
Cash	£9610-5	—12.5	—
3 months	£9580-2	+33.5	9610/9568

Official closing (am): Cash 9560-70 (9540-5), three months 9567-70 (9570-80), settlement 9570 (9545). Final Kerb close: 9580-90. Turnover: 1370 tonnes. Straits tin $M26.41 (26) kilo.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	£708.5-8.6	—9	—
3 months	£708.5-9	—6.25	717/707

Official closing (am): Cash 712-4 (716-7), three months 712-3 (717-8), settlement 714 (717). Final Kerb close: 708-8.5. Turnover: 61000 tonnes. U.S. Prime Western: 48.50-47.75 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 8 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1185/195	+15	$1150/160
Copper			
Cash h Grade	£1337	—2	£1223.5
3 mths	£1247.75	+20.25	£1232.25
Gold troy oz	$313.5	—1	$328.25
Lead Cash	£311.5	—2.75	£334
3 mths	£309.25	—1	£329.25
Nickel			
Free Mkt	245/275c	......	245/275c
Palladium oz	$111.00	—1	$114.60
Platinum oz	$268.00	—2.50	$288.75
Quicksilver†	$286/295	......	$285/295
Silver troy oz	510.80p	+7.70	548.80p
3 mths	532.65p	+8.20	565.60p
Tin cash	£9612.5	—12.5	£9837.5
3 mths	£9581	+33.5	£9847.5
Tungsten	$74.35	......	$77.70
Wolfram 22 04lb	$68/71	......	$74/78
Zinc	£709	—9	£729.25
3 mths	£708.75	—6.25	£733.75
Producers	$960	......	$960

OILS	May 8 1985	+ or —	Month ago
Coconut (Phil)	$710x	—10	$640
Palm Malayan	$680	—5	$650
SEEDS			
Copra Phil	$460x	—10	$505
Soyabean (U.S.)	$241	—2.5	$252.2
GRAINS			
Barley Fut. Sep	£98.75	—0.25	£98.90
Maize	£150.50	......	£151.5
Wheat Fut. July	£122.50	—0.20	£124.35
No. 0 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. July	£1839.5	—6	£1954.5
Coffee Ft. July	£2206	+7.5	£2209
Cotton A Index	65.70c	—0.3	68.00c
Gas Oil May	$814.25	—1.75	$297.75
Rubber (kilo)	66p	—0.25	67.0p
Sugar (raw)	$83x	—5	$106
Wooltops 64s	475p	......	482pkil

‡ Unquoted. x May-June. z June. † Per 76-lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

May 7	May 3	M'th ago	Year ago
297.78	296.30	303.74	310.83

(Base: July 1 1952 = 100)

REUTERS

May 7	May 3	M'th ago	Year ago
1886.2	1885.0	1236.3	1998.8

(Base: September 18 1931 = 100)

MOODY'S

May 7	May 3	M'th ago	Year ago
212	213.3	960.1	1066.2

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 7	May 3	Month ago	Year ago
Spot	116.42	115.87	120.64	139.28
Fut.	121.10	120.41	124.98	140.23

(Base: December 31 1974 = 100)

OIL

All crudes were weaker following publication of bearish API statistics. Demand for prompt cargoes was minimal. By noon EST Nymex WTI was 17c down. In the petroleum products market gas oil prices for prompt delivery in North West Europe remained stable on limited short-covering demand. Prices for delivery in the Mediterranean and forward positions in North West Europe weakened on minimal end-user demand and good supply. Confidence in heavy fuel prices disintegrated with prices continuing to drop on chronic over-supply —Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.95-27.05	—0.05
Arab Heavy	25.70-25.80	—0.05
Dubai	25.75-25.80	—0.125
Brent Blend	26.20-26.30*	—0.375
W.T.I. (1pm est)	27.10-27.20	—0.20
Forcados (Nigeria)	26.40-26.50*	—0.55
Urals (cif Med)	26.80-26.00*	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	284-286	—
Gas Oil	215-212	—
Heavy fuel oil	133-135	—2.5

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
May	216.00	—6.00	218.50-16.00
June	214.25	—1.75	216.00-13.50
July	213.75	—2.25	214.50-12.50
Aug	214.50	—2.25	216.50-14.00
Sep	210.50	—9.00	217.00-16.50
Oct	218.00	—1.80	219.00-18.00
Nov	221.00	—9.50	—

GOLD

Gold fell $1 to $313¼-313¾ on the London bullion market yesterday. It opened at $314-314½, and was fixed at $313.35 in the morning, unchanged from the earlier Hong Kong close. The afternoon fixing was at $312.85, and trading was in a narrow range as the market waited for a dollar trend to develop. The metal touched a peak of $314¼-314¾ and a low of $312½-313.

GOLD BULLION (fine ounce) May 8

Close	$313¼-313¾	(£260-260½)
Opening	$314-314½	(£258¼-258¾)
M'n'g fix.	$313.35	(£258.540)
Aft'n'n fix.	$312.85	(£258.340)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$322½-323	(£267¼-267¾)
½ Krug.	$166¼-166¾	(£137¼-138¼)
¼ Krug.	$85-85½	(£70¼-70¾)
1/10 Krug.	$34¾-35¼	(£28¾-29¼)
Mapleleaf	$322½-323	(£267¼-267¾)
New Sov.	$74¼-74¾	(£61¼-62)
½New Sov	$46-46½	(£37¼-37¾)
Old Sov.	$75½-77	(£62¼-63½)
$20 Eagle	$440-480	(£363¾-397¾)
Noble Plat	$278-281½	(£229-232)

SILVER

Silver was fixed 7.7p an ounce higher for spot delivery on the London bullion market yesterday at 512.8p. U.S. cent equivalents of the fixing levels were: spot 625.1c, up 10.6c; three-month 637.6c, up 10.9c; six-month 650.35c, up 10.75c; and 12-month 680.5c, up 2.8c. The metal opened at 513½-516½p (624-627c) and closed at 517½-520½ (626-629c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	518.80p	+7.70	510.5p	+2.5
3 months	530.65p	+8.20	536.5p	+8
6 months	548.45p	+8.80	—	—
12months	577.45p	+8.60	—	—

LME—Turnover: 26 (62) lots of 10,000 ozs. Morning: three months high 535, low 534.6, final kerb 533-35.

FREIGHT FUTURES

Levels eased on the opening and thereafter the market remained quiet. Late short-covering lifted values, reports Clarkson Wolff. The Baltic Freight Index was down 0.5 at 1,056.0.

	Close	High/Low	Prev.
July	963/955	967/951	965/7.5
Oct.	1003/1005	1008/1005	1007/05
Jan.	990/998	986/981	995/982
April	1070/1100	—	1040/10
July	997/1020	—	1004/0
Oct.	1100/1150	—	1100/50
Jan.	1135/1515	—	1160/210
April	1200/1270	—	1200/70

Turnover: 98 (145).

GRAINS

Old crop wheat eased slightly and remained in a narrow range. New crop wheat quickly dropped, after small initial gains, on profit-taking and barley eased in sympathy, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
May	110.05	—0.20	114.60	—0.12
July	122.50	—0.20	—	—
Sept.	98.40	—0.25	98.72	—0.25
Nov	109.65	—0.20	102.50	—0.25
Jan	106.25	—0.16	105.20	—0.25
Mar	109.92	—0.25	109.10	—0.25

Business done—Wheat: May 115.25-2.00, July 122.70-2.60, Sept 99.65-9.40, Nov 102.90-2.55, Jan 106.65-6.25, March 109.75-9.35. Sales: 185 lots of 100 tonnes. Barley: May 114.90-4.80, Sept 98.70 only. Nov, Jan and March untraded. Sales: 5 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent, June 154.75, July 166.25, Aug 161.50, Sept 152, Oct 153.25, Nov 156.25, Dec 159 sellers transhipment East Coast. U.S. No. 2 Soft Red Winter June 139.75, July 136, Aug 137.75, Sept 139.25, Oct 141.25 sellers. EC Harvest 119 quoted. English Feed fob May 122.75 paid East Coast, June 125, Sept 101.25, Oct 103.50 sellers East Coast. Maize: U.S. No. 3 Yellow/French transhipment East Coast May 150.50. Barley: English Feed fob May 115.50, Sept 101.50 sellers Scotland. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids 114.30, N. East 113.50, Scotland 114.00. The UK Monetary Coefficient for the week beginning Monday May 13 will remain unchanged at 0.980.

COFFEE

Influenced by a sharp decline in New York, the market opened £10.16 down with lower sterling tending to restrict losses. Commission House buying produced a steadier afternoon, reports Drexel Burnham Lambert.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2145-48	+9.0	2145-50
July	2205-07	+7.3	2206-22
Sept.	2240-45	+11.5	2245-15
Nov.	2265-80	+7.5	2260-46
Jan	2295-05	+11.5	2290-77
March	2272-85	+5.0	2270-60
May	2260-00	+30.0	—

Sales: 2,667 (2,616) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for May 7: Comp. daily 1979 131.24 (132.01); 15-day average 131.62 (131.78).

COCOA

In thin volume futures moved uneventfully in a narrow range. Physicals were trading lightly on the spot and nearby positions but otherwise failed to attract either consumers or producers, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1804-1805	—5.0	1815-1800
July	1830-1840	—6.0	1852-1834
Sept.	1828-1830	—10.5	1846-1827
Dec.	1781-1783	—19.5	1791-1779
Mar.	1780-1783	—11.0	1791-1780
May	1726-1797	—4.0	1795
July	1790-1820	—	—

Sales: 2,486 (2,329) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for May 8: 94.91 (96.12); five-day average for May 9: 95.62 (95.72).

SUGAR

LONDON DAILY PRICE—Raw sugar $83.00 (£68.50), down £3.00 (down £3.00) a tonne for May-June delivery. White sugar $124.50, down $1.50.

Prices recovered from the depressed levels reached overnight following news that India was holding another buying tender today, reports C. Czarnikow.

No. 5 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	94.6-00.8	93.6-94.0	98.2-95.2
Oct	99.8-100.0	97.2-97.4	100.2-97.6
Dec	105.0-100.0	102.2-102.8	105.0-103.0
Mar	117.0-117.2	114.2-114.4	117.4-114.4
May	121.4-121.8	115.8-120.5	121.8-119.5
Aug	127.0-127.2	124.0-125.0	127.6-125.0
Oct	131.0-100.0	127.8-132.8	131.0

Sales: 2,575 (1,879) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £175.00 (£17.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for May 7: Daily price 2.00 (2.61); 15-day average 2.09 (3.13).

SOYABEAN MEAL

The market opened 50p down in thin conditions and remained at opening levels throughout the day, reports T. G. Roddick.

	Yesterday close	+ or —	Business Done
	£ per tonne		
June	125.5-126.5	—0.85	123.5
August	125.8-125.2	—0.25	123.0
October	125.5-125.8	—0.15	123.0
Dec	129.5-129.8	+0.20	103.8
Feb	134.5-134.8	+0.15	134.5
Apr	135.2-136.8	—0.15	—
June	135.0-137.0	—	—

Sales: 141 (109) lots of 20 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 5 tonnes. Slow offtake brought relatively little demand. Minor orders concerned West African varieties.

POTATOES

Short-covering interest in a thin market lifted old crop May values. Profit-taking after recent falls lifted New Crops in quite trade, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
May	61.00	48.90	61.00-48.10
Nov.	55.10	65.50	66.50-65.50
Feb.	75.60	73.60	—
Apr.	88.50	87.90	88.20-88.50
May	95.00	04.20	95.00

Sales: 317 (370) lots of 40 tonnes.

PIGMEAT

Prices remained steady in lacklustre conditions and closed on the highs despite some light trade selling, reports CSST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	104.20	103.70	104.20-103.80
Aug.	100.60	100.50	100.00
Oct.	105.10	105.60	105.80-105.00
Nov.	105.60	105.80	—
Feb.	98.50	98.50	—
April	99.10	99.50	99.00

Sales: 56 (12) lots of 50 carcases, 3,250 kg.

MEAT

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 78.0 to 81.0; English hindquarters 100.0 to 103.0, forequarters 50.0 to 54.0. Veal: Dutch hinds and ends 130.0 to 135.0. Lamb: English small (new season) 112.0 to 120.0, medium (new season) 110.0 to 115.0, heavy (new season) 108.0 to 111.0; Imported: New Zealand PL (new season) 67.0 to 68.0, PX (new season) 65.0 to 66.0. Pork: English under 100lb 49.0 to 54.0, 100-120lb 51.0 to 56.0, 120-160lb 42.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.56p per kg lw (+1.54). GB—Sheep 229.03p per kg est dcw (—14.15). GB—Pigs 81.70p per kg lw (—0.30). GB—AAPP 101.64p per kg dw.

U.S. MARKETS

HEATING OIL traded moderately lower on bearish API statistics showing a major build-up of crude stocks in refiners' hands and the weakness in currencies was a minor contributing factor, reports Heinold Commodities. The grains and soyabeans markets were mixed. Wheat managed to absorb a negative private crop production estimate and finished mostly under slight pressure. Maize traded lower nearby and higher in new crop months on unwinding of bull spreads. Soya oil moved on the defensive after a midday rally attracted profit—taking on rumours of overnight Far Eastern business. Precious metals were generally under pressure reflecting a weaker tone to currencies and financials following poorer than expected interest at the U.S. treasury refunding. Copper and aluminium continued to benefit from a drawdown in stocks and tightness in cash supplies particularly in copper. Sugar attracted light buying and short-covering on evidence of better cash demand and an oversold condition. Coffee weakened on reports of better availability from Colombia. Cocoa came under pressure on good mid-crop prospects, particularly in West Africa. Colton declined in the distant positions on continued indications of poor demand.

NEW YORK

ALUMINIM 40,000 lbs, cents/lb

	Close	High	Low	Prev
May	49.10	49.10	48.00	49.65
June	49.40	—	—	49.15
July	48.75	49.65	49.95	49.60
Sept	50.50	50.50	50.50	50.30
Dec	61.65	—	—	51.30
Jan	52.00	—	—	51.50
March	52.85	—	—	52.70
May	53.65	—	—	53.50
July	54.45	54.50	54.50	54.30
Sept	55.25	—	—	55.10

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
May	2288	2315	2281	2321
July	2081	2094	2076	2099
Sept	2039	2046	2033	2051
Dec	1990	—	1988	2004
March	1986	1996	1980	2000
May	1986	—	—	2005
July	1986	—	—	2006

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
May	143.80	44.50	43.51	44.46
July	143.01	44.18	43.00	44.12
Sept	143.55	44.25	43.40	44.35
Dec	143.01	43.45	42.80	43.56
March	142.75	42.65	42.25	43.25
May	141.65	—	—	41.83
July	141.25	41.50	41.00	41.75

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
May	64.05	64.10	62.75	62.85
June	64.40	—	—	63.20
July	64.90	65.00	63.46	63.70
Sept	65.35	65.40	64.05	64.25
Dec	65.30	65.85	64.50	64.70
Jan	66.00	—	—	64.90
March	66.35	66.40	66.25	65.30
May	66.70	66.30	65.50	65.70
July	67.05	66.15	66.15	66.05
Sept	67.40	66.50	66.50	66.40

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	68.98	68.98	68.60	68.40
July	65.15	65.40	64.75	65.15
Oct	64.25	64.32	64.06	64.20
Dec	64.35	64.45	64.19	64.33
March	65.56	65.60	65.40	65.50
May	66.13	66.10	66.00	66.10
July	66.45	66.40	66.20	66.42

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
June	27.13	27.17	27.04	27.31
July	26.56	26.58	26.41	26.64
August	26.35	26.36	26.21	26.43
Sept	26.27	26.36	26.23	26.41
Oct	26.30	26.31	26.30	26.41
Nov	26.30	26.31	26.30	26.41
Dec	26.22	26.30	26.21	26.41

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	312.8	313.0	313.0	314.5
June	314.2	316.7	313.3	316.5
July	318.2	—	—	318.4
Aug	318.2	319.6	317.5	320.4
Oct	322.6	324.0	322.0	324.8
Dec	327.2	328.5	326.9	329.3
Feb	332.9	333.6	332.0	334.3
April	337.2	338.2	337.2	338.8
June	342.8	—	—	344.5
Aug	348.3	—	—	350.3
Oct	354.1	—	—	356.9
Dec	360.0	360.6	360.5	361.9
Feb	366.5	—	—	368.4

HEATING OIL 42,000 US gallons, cents/US gallon

	Latest	High	Low	Prev
June	70.15	70.25	—	70.42
July	69.05	69.15	68.80	69.3
August	69.65	69.70	69.30	69.81
Sept	70.45	70.60	70.30	70.90
Oct	71.20	71.50	71.20	71.70

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
May	156.35	57.40	55.10	57.10
Sept	150.50	51.25	50.50	51.16
Nov	149.10	49.00	48.75	49.66
Jan	148.90	49.00	49.50	49.30
March	149.30	—	—	49.60
May	149.20	—	—	49.60
July	149.20	—	—	49.65

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	267.4	—	—	268.1
June	268.4	—	—	268.1
July	270.4	274.5	267.5	271.1
Oct	275.1	278.0	272.5	275.7
Jan	280.3	281.0	280.0	281.4
April	286.6	287.5	285.3	287.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	628.5	629.5	625.0	632.3
June	631.5	—	—	635.3
July	636.5	638.3	616.0	638.5
Sept	644.3	646.6	640.0	648.3
Dec	656.5	663.3	655.3	662.3
Jan	663.7	667.0	665.5	667.4
March	673.6	677.0	677.0	677.2
May	684.3	—	—	687.8
July	695.6	—	—	698.0
Sept	707.5	—	—	710.5

SPOT PRICES—Chicago loose lard 21.50 (same) cents per pound. New York tin 537.0 (539.0) cents per pound. Handy and Harman silver bullion 628.0 (627.0) cents per troy ounce.

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	3.06	3.10	2.99	2.94
Sept	3.20	3.22	3.17	3.07
Oct	3.34	3.38	3.28	3.22
Jan	3.75	3.80	3.73	3.62
March	4.13	4.17	4.09	4.03
May	4.36	4.37	4.26	4.24
July	4.57	4.60	4.53	4.45
Sept	4.76	4.76	4.76	4.66
Oct	4.93	4.95	4.83	4.80

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	61.17	61.25	60.35	59.87
August	62.82	63.10	62.22	61.90
Oct	61.92	62.35	61.67	61.40
Dec	63.27	63.60	62.96	62.87
Feb	64.12	64.35	63.75	63.80
April	65.20	65.25	64.90	64.70

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	45.40	46.20	45.35	45.35
July	47.85	48.50	47.82	47.75
August	47.87	48.87	47.95	47.82
Oct	45.37	46.25	45.35	45.55
Dec	46.82	47.45	46.72	46.90
Feb	48.00	48.50	48.00	47.82
April	45.20	45.40	45.20	45.00
June	47.49	47.70	47.05	47.00
July	48.60	48.66	49.80	49.65

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	281.2	282.6	281.0	283.2
July	277.2	278.2	277.0	278.6
Sept	267.6	268.4	267.4	268.2
Dec	264.0	265.9	263.0	263.4
March	272.4	272.6	271.2	271.2
May	277.3	277.6	276.4	276.2
July	279.0	279.2	278.2	278.0

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	579.4	583.0	574.4	576.5
July	580.6	583.4	577.0	579.6
August	582.4	584.4	579.4	582.0
Sept	583.2	586.0	581.0	583.0
Nov	590.8	592.0	587.4	591.2
Jan	601.2	601.4	598.4	602.0
March	611.4	612.0	609.0	611.4
May	619.4	619.4	615.4	619.4
July	629.4	625.4	624.0	625.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	121.6	121.3	119.7	120.4
July	126.4	126.3	124.6	125.4
August	129.5	129.0	127.5	128.4
Sept	132.1	132.0	130.3	130.8
Oct	135.1	126.2	133.0	133.8
Dec	140.5	140.5	138.5	139.4
Jan	142.5	143.0	141.0	141.5
March	147.0	147.8	146.0	146.0
May	150.8	—	—	150.7
July	157.0	—	—	154.7

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
May	31.20	31.76	30.96	31.40
July	29.50	30.50	29.65	30.10
August	29.13	29.86	29.00	29.90
Sept	29.33	28.85	28.30	28.75
Oct	27.53	28.05	27.35	27.98
Dec	26.78	27.30	26.80	27.25
Jan	26.50	27.05	26.45	27.00
March	26.25	26.80	26.10	26.70
May	25.95	—	—	26.30

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	339.2	341.5	336.0	339.3
July	322.4	325.8	322.2	324.3
Sept	323.4	326.4	323.4	325.2
Dec	334.0	336.0	333.4	335.4
March	339.0	340.4	338.4	340.0
May	335.0	336.0	335.0	336.0

OTHER MARKETS

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business). New Zealand cents per kg. May 512, 520, 515-512; Aug 536, 538, 539-538; Oct 534, 537, 539; Dec 537, 539, nil; Jan 538, 539, 539; March 546, 548, nil; May 552, 554, 554; Aug 566, 568, 568; Oct 560, 568; 565. Sales: 39.

HIDES

HIDES — Birmingham (Manchester). Second clears. Ox: 31-35.5 kg, 99.3p a kg withdrawn (103.1p); 26-30.5 kg, 108.1p a kg (108.3p withdrawn); 22-25.5 kg, 122.6p a kg withdrawn (122.0p withdrawn). Cows: 25.5 kg, 118.2p a kg withdrawn (130.0 withdrawn).

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. No. 2 Soft Red Winter June 181.50, July 149.50, Aug 149, Sept 149.50, Oct 151.50 sellers. U.S. No. 2 Northern Spring, 14 per cent protein, May 176, June 171, July 169.50, Aug 167, Sept 166 sellers. U.S. Northern Spring, 15 per cent protein, June 183, July 181.50, Aug 179.50, Sept 178 sellers. U.S. No. 3 Hard Amber Durum May 182, June 180, July 180, Aug 178, Sept 174, Oct 176.50 sellers. Canadian No. 1 Western Amber Durum May/June 189.50, June 190, July 189, Sept 187 sellers.

MAIZE—(U.S. $ per tonne): U.S. No. 3 Yellow May 134, June 134, July 133.75, Aug 133.50, Sept 133.50, Oct/Dec 128 sellers. Argentine Plate afloat 136, May 136, June 133, July 135 sellers.

RUBBER

PHYSICALS — The London market opened slightly steadier, fluctuated on currency factors and closed uncertain, reports Lewis and Peat. Closing prices (buyers) spot 66.00p (66.25p); June 66.25p (66.50p); July 66.75p (69.00p). The Kuala Lumpur fob price for RSS No. 1 was 189.75 (186.0) cents a kg and for SMR 20 was 182.5 (183.0).

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to see-saw

The dollar moved up nervously, without any strong conviction, on the foreign exchanges yesterday. Overnight in New York it met with strong resistance around DM 3.16 and did not test this level again in Europe.

Mr Preston Martin, vice chairman of the Federal Reserve Board, was apparently misquoted when he was reported to have forecast U.S. economic growth of no more than 2.5 per cent in the present quarter, but the disclaimer added to the general confusion yesterday. Although the market seems to want a stronger dollar it is constrained by fears the economy will not meet the hoped-for expansion of around 3.5 per cent to 4 per cent in the full year, and that this will lead to lower interest rates. At the same time there are no major economic figures due for publication this week, and little tangible for the market to use as a reason for buying or selling the dollar. This is producing very nervous see-saw movements.

The agreement of Mr Paul Volcker, Federal Reserve Board chairman, when asked if monetary policy was in neutral, at a Senate hearing, was taken to indicate there will be no cut in the U.S. discount rate at present and tended to underpin the dollar's rise. It improved to DM 3.1915 from DM 3.1885; FFr 9.7250 from FFr 9.65; SwFr 2.6845 from SwFr 2.6605; and Y253.20 from Y252.85. On Bank of England figures the dollar's index rose to 149.0 from 148.8.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index rose 0.3 to 77.5. It opened at 77.6, the day's peak, and apart from falling to 77.2 at 10 am moved in a very narrow range.

Sterling lost 1 cent to $1.2075-1.2085 in quiet trading. The pound also declined against other major currencies, but was generally on the sidelines, attracting little comment or attention. Expectations that London interest rates will remain high after the latest UK money supply figures, was offset by nervousness about lower oil prices. Sterling fell to DM 3.85 from DM 3.8575; FFr 11.75 from FFr 11.7550; SwFr 3.2450 from SwFr 3.25; and Y305.50 from Y307.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. April average 3.0856. Exchange rate index 120.2 against 122.9 six months ago.

The D-mark eased back against the dollar in quiet, but nervous Frankfurt trading. Trading lacked any strong trend, but the U.S. currency tended to drift higher for most of the day, to close at DM 3.20 compared with DM 3.1810 on Tuesday. Earlier in the day the German Bundesbank did not intervene when the dollar was fixed at DM 3.1878 in Frankfurt, compared with DM 3.1960 previously. There were now new factors, with Eurodollar rates little changed, while Mr Volcker's comments came too late to influence the Frankfurt market. Sterling rose to DM 3.8590 from DM 3.8470 at the fixing, as expectations faded of lower London interest rates after the latest UK money supply figures.

STERLING INDEX

	May 8	Previous
8.30 am	77.6	76.2
9.00 am	77.4	76.5
10.00 am	77.2	76.7
11.00 am	77.5	77.0
Noon	77.4	77.1
1.00 pm	77.4	76.9
2.00 pm	77.5	77.2
3.00 pm	77.4	77.3
4.00 pm	77.5	77.2

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.0385	+0.31	+0.37	±1.5471
Danish Krone ...	8.14104	8.05294	−1.08	−1.02	±1.6419
German D-Mark	2.24184	2.24167	−0.01	+0.05	±1.1476
French Franc ...	6.87456	6.82896	−0.66	−0.60	±1.3669
Dutch Guilder ...	2.52595	2.53080	+0.19	+0.25	±1.5171
Irish Punt	0.72569	0.714894	−1.49	−1.43	±1.6673
Italian Lira	1403.49	1422.30	+1.34	+1.34	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 8	prev. close
£ Spot	$1.2070-1.2080	$1.2190-1.2205
1 month	0.41-0.48pm	0.48-0.46pm
3 months	1.30-1.26pm	1.30-1.27pm
12 months	3.15-3.00pm	2.80-2.70pm

Forward premiums and discounts apply to the U.S. dollar.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2010-1.2180	1.2075-1.2085	0.49-0.46c pm	4.72	1.32-1.27pm	4.29
Ireland†	0.9770-0.9870	0.9800-0.9810	0.35-0.25c pm	3.67	0.98-0.68pm	3.38
Canada	1.3810-1.3855	1.3845-1.3865	0.17-0.20c dis	−1.61	0.48-0.53dis	−1.46
Nethlnd.	3.5840-3.6260	3.6085-3.6095	0.37-0.33c pm	1.17	1.33-1.29pm	1.46
Belgium	63.90-64.50	64.15-64.25	6-7c dis	−1.22	15-17dis	−1.00
Denmark	11.40-11.51½	11.47-11.47½	½-1¼ore dis	−1.06	2½-3dis	−0.96
W. Ger.	3.1710-3.2070	3.1910-3.1920	0.73-0.70pf pm	2.69	2.20-2.15pm	2.73
Portugal	181-183	181-182	150-400c dis	−18.13	460-1160d	−17.88
Spain	178.30-179.80	179.30-179.80	62-72c dis	−4.49	220-250dis	−5.25
Italy	2014-2035½	2027½-2028½	6½-7¼lire dis	−4.15	21¼-22dis	−4.28
Norway	9.09-9.17½	9.12¼-9.12¾	4-4½ore dis	−5.58	10½-11½dis	−4.82
France	9.66-9.76	9.72¼-9.72¾	1.56-1.66c dis	−1.98	4.70-5.00dis	−2.00
Sweden	9.13-9.20	9.17¼-9.17¾	4½-5¼ore dis	−6.65	13-13½dis	−5.79
Japan	252.45-253.35	253.15-253.25	0.48-0.40y pm	2.09	1.40-1.30pm	2.13
Austria	22.30-22.53	22.45-22.50	3½-2¾gro pm	1.74	11-8pm	1.69
Switz.	2.6600-2.6865	2.6840-2.6850	0.76-0.70c pm	3.27	2.26-2.20pm	3.33

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.40-64.50.

POUND SPOT—FORWARD AGAINST POUND

May 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2010-1.2180	1.2075-1.2085	0.49-0.46c pm	4.72	1.32-1.27pm	4.29
Canada	1.6689-1.6791	1.6675-1.6725	0.48-0.39c pm	3.13	1.21-1.07pm	2.73
Nethlnd.	4.34-4.37	4.34-4.35	2¼-2c pm	5.67	6½-5¾pm	5.76
Belgium	77.39-77.86	77.40-77.50	28-23c pm	3.95	72-83pm	3.49
Denmark	13.82½-13.89	13.84-13.85	4½-3¼ore pm	3.41	11½-10¼pm	3.14
Ireland	1.2285-1.2361	1.2320-1.2330	0.19-0.03p pm	1.07	0.50-0.06pm	0.91
W. Ger.	3.84½-3.87	3.84½-3.85½	2½-2¼pf pm	7.40	6⅞-6½pm	7.01
Portugal	214½-223	214½-216½	120-485c dis	−16.77	310-1140d	−13.39
Spain	216-217¼	216-218½	5c pm-10dis	−0.14	35-70dis	−0.97
Italy	2442-2457	2442-2443	3lire pm-par	0.74	3pm-2dis	−0.08
Norway	11.00½-11.07½	11.00½-11.01½	⅞-1¼ore dis	−1.36	¼-1¼dis	−0.43
France	11.72½-11.80½	11.74½-11.75½	3-2½c pm	2.81	7½-6¼pm	2.30
Sweden	11.06½-11.11½	11.06-11.07	1½-2½ore dis	−1.37	4½-5dis	−1.67
Japan	305-306½	305-306	1.70-1.60y pm	6.48	4.95-4.85pm	6.42
Austria	27.06-27.24	27.07-27.13	15½-13⅞gro pm	6.53	42¼-38½pm	5.99
Switz.	3.23½-3.25½	3.24-3.25	2¼-2½c pm	8.09	6½-6¼pm	7.70

Belgian rate is for convertible francs. Financial franc 77.80-77.90. Six-month forward dollar 2.30-2.25c pm, 12-month 3.20-3.05c pm.

OTHER CURRENCIES

May 8	£	$		£ Note Rates
Argentina Peso	580.06-582.55	480.40-480.80	Austria	27.00-27.30
Australia Dollar	1.7675-1.7710	1.4625-1.4645	Belgium	77.20-78.00
Brazil Cruzeiro	6,122-6,150	5,070-5,090	Denmark	13.82-13.96
Finland Markka	7.9785-8.0065	6.6010-6.6250	France	11.60-11.81
Greek Drachma	167.55-171.15	138.50-141.40	Germany	3.84¼-3.87¼
Hongkong Dollar	9.4230-9.4270	7.7790-7.7810	Italy	2430-2470
Iran Rial	113.25*	94.10*	Japan	303-308
KuwaitDinar(KD)	0.3076-0.3085	0.30400-0.30405	Netherlands	4.34¼-4.38¼
Luxembourg Fr	77.40-77.50	64.15-64.25	Norway	11.01-11.15
Malaysia Dollar	3.0010-3.0095	2.4855-2.4885	Portugal	214-223
New Zealand Dlr	2.7820-2.7860	2.2990-2.3000	Spain	210-218
Saudi Arab. Riyal	4.3685-4.3727	3.6105-3.6105	Sweden	11.03-11.15
Singapore Dollar	2.6675-2.6715	2.2040-2.2060	Switzerland	3.22¼-3.32¼
Sth African Rand	2.4140-2.4410	2.0000-2.0080	United States	1.20-1.22
U.A.E. Dirham	4.4431-4.4480	3.6780-3.6790	Yugoslavia	305-340

* Selling rate.

CURRENCY MOVEMENTS

May 8	Bank of England Index	Morgan Guaranty Change %
Sterling	77.0	−18.0
U.S. dollar	149.0	+53.9
Canadian dollar	87.0	−7.0
Austrian schilling	110.4	+3.4
Belgian franc	88.5	−11.8
Danish Kroner	76.3	−4.1
Deutsche mark	160.9	+9.0
Swiss franc	152.0	+10.1
Guilder	110.6	+0.1
French franc	64.1	−15.1
Lira	43.0	−18.6
Yen	155.0	+11.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.810346	0.680460
U.S. $	8	0.980941	0.709090
Canadian $	10.07	*	0.970551
Austria Sch.	4½	21.9620	15.7464
Belgian Fr	9¾	62.8964	45.0585
Danish Kr	7	11.6306	8.05294
D'mark	4½	3.16781	2.24167
Guilder	5	3.55921	2.53080
French Fr	10	9.63695	6.82896
Lira	15½	1986.09	1422.30
Yen	5	247.859	177.718
Norwgn Kr	8	9.98365	6.41479
Spanish Pta	—	175.476	126.768
Swedish Kr	9	9.00461	6.43588
Swiss Fr	4	2.68981	1.88318
Greek Drch	20½	137.514	98.3117
Irish Punt	13¾	0.998820	0.714894

* CS/SDR rate for May 7: 1.35282.

EXCHANGE CROSS RATES

May 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.208	3.850	305.5	11.75	3.245	4.345	2443.	1.670	77.45
U.S. Dollar	0.828	1.	3.188	253.2	9.725	2.687	3.595	2023.	1.382	64.20
Deutschemark	0.260	0.314	1.	79.35	3.052	0.843	1.129	634.4	0.434	20.12
Japanese Yen 1,000	3.273	3.954	12.60	1000.	38.46	10.62	14.22	7996.	5.466	253.5
French Franc 10	0.851	1.028	3.277	260.0	10.	2.762	3.698	2079.	1.421	65.91
Swiss Franc	0.308	0.372	1.186	94.15	3.621	1.	1.339	752.7	0.515	23.87
Dutch Guilder	0.230	0.278	0.886	70.31	2.704	0.747	1.	562.1	0.384	17.83
Italian Lira 1000	0.409	0.495	1.576	125.1	4.811	1.329	1.779	1000.	0.684	31.71
Canadian Dollar	0.599	0.723	2.305	182.9	7.036	1.943	2.602	1463.	1.	46.38
Belgian Franc 100	1.291	1.560	4.971	394.4	15.17	4.190	5.610	3154.	2.156	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅛-12⅜	7⅞-7⅞	8¾-9¼	6⅛-6⅜	1⅛-1⅞	6⅛-5⅞	10-10⅛	11½-12½	9⅛-8¾	8¼-8¾	6⅛-6⅛	9¼-9⅝
7 day's notice	12¼-12⅜	8⅛-8⅛	9-9¼	6¼-6½	1⅝-1⅞	6⅛-5⅝	10-10⅛	11¾-12¾	8⅜-8⅞	8⅝-8⅞	6⅛-6⅛	9⅛-9⅝
Month	12⅛-12¾	8⅛-8⅛	9⅛-9⅛	5¾-6⅞	4⅛-4⅛	5¼-5⅝	10⅛-10⅛	11⅞-12¾	8⅞-9⅛	9-9⅛	6⅛-6¼	8⅞-9⅛
Three months	12⅛-12⅞	8¼-8⅜	9⅛-9⅛	6⅝-6⅞	4⅞-5⅛	6⅛-6¼	10⅛-10⅛	12⅛-12⅞	9⅛-9⅛	9⅛-9⅛	6⅛-6⅛	9-9⅛
Six months	12⅛-12⅛	8⅛-9⅛	9⅛-10⅛	6¾-6⅞	5-5⅛	5⅛-5⅛	10⅛-10⅛	13⅛-13⅝	9¼-9¼	9⅛-9⅛	6⅛-6⅛	9⅜-9⅞
One year	12¼-12⅜	9⅛-9⅛	10¼-10⅝	6¾-6⅞	5⅛-5⅛	5-6⅛	10⅝-10¾	13¾-14¼	9¾-10	9¾-9⅞	6⅛-6⅛	9¾-10¼

Asian $ (closing rates in Singapore): Short-term 8-8⅛ per cent; seven days 8⅛-8⅛ per cent; one month 8⅛-8¼ per cent; three months 8⅛-8⅞ per cent; six months 8⅝-8¾ per cent; one year 9¼-9⅜ per cent. Long-term Eurodollars: two years 10¼-10½ per cent; three years 10¾-11 per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Little change in rates expected

Interest rates were slightly easier on the London money market yesterday, as trading settled down again after Tuesday's very disappointing money supply and bank lending figures. The 1/16 per cent put on as a result of the sharp rise in sterling M3 was shed again, with interbank rates holding steady around the Barclays and Midland from 12 7/16-12 9/16 per cent.

The Bank of England at first forecast a money market shortage of £450m but changed this to £500m at noon, and to £550m after lunch. Total help provided was £498m.

Before lunch the authorities gave help of £285m, through outright purchases of £4m bank bills in band 1 (up to 14 days maturity) at 12⅞ per cent; £12m Treasury bills in band 3 (34-63 days) at 12⅝ per cent; £100m bank bills in band 3 at 12⅝ per cent; £42m Treasury bills in band 4 (64-91 days) at 12 per cent; £39m local authority bills in band 4 at 12 per cent; and £68m bank bills in band 4 at 12 per cent.

In the afternoon another £153m bills were bought outright, by way of £33m bank bills in band 1 at 12⅞ per cent; £67m bank bills in band 2 (15-33 days) at 12¾ per cent; £50m bank bills in band 3 at 12⅝ per cent; and £3m bank bills in band 4 at 12 per cent.

Late assistance of £80m was also provided.

Bills maturing in official bands, repayment of late assistance, and a take-up of Treasury bills drained £273m, with the unwinding of repurchase agreements absorbing £246m, and bank balances below target another £40m. These were partly offset by Exchequer transactions adding £90m to liquidity.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

Bank base rate of 12¾ per cent. There is little expectation of higher rates at present, but dealers suggested the likely date for any fall is now well into the summer. Overnight money was freely available at around 12½-12¾ per cent for most of the day, and with little pressure on the authorities to relieve the shortage the help was probably underdone. The anticipation of steady interest rates for the foreseeable future also made the discount houses willing sellers of bills. Three-month interbank fell to 12⅝-12¾ per cent from 12 11/16-12 13/16 per cent, and discount houses buying rates for three-month bank bills eased to 12 7/32 per cent

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 8 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12-14½	12¼-12½	12¼-12 11/16	12¼-13	—	—	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅜-12⅝	12½-12⅝	12⅝-12⅞	12⅜-12½	—	—	—	—	—
One month	12 11/16-12 9/16	12⅝-12¾	12⅝	12⅞	12½	12 9/16	12¼	12⅜	12¼	12 15/16
Two months	12 11/16-12 9/16	12⅝-12¾	12⅝	12⅞	12⅞	12⅛	12	12⅜	12⅛	12⅝
Three months	12⅝-12 9/16	12⅝-12¾	12 11/16	12⅞	11⅞	12	11 15/16	12 7/32	12	12⅝
Six months	12¼-12⅛	12½-12 11/16	12 9/16	—	—	—	—	11 13/16-11 11/16	11⅝-11 11/16	12 9/32
Nine months	12 7/16-12 5/16	12¼-12⅜	—	—	—	—	—	—	—	—
One year	12 5/16-11 15/16	12¼-12⅜	12¼	—	—	—	—	—	—	—

MONEY RATES

May 8	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	10⅛	1½-3	7⅛-7¼	9.09375	18½-19½	11.40	18⅝-12⅞
One month	5.75-5.85	10 1/16-10 3/16	4¾-5	6⅞-7	6.28125	14⅝-10	9-9⅛	12⅞-12⅞
Two months	5.75-5.90	10 1/16-10 3/16	—	—	—	—	—	12⅝-12⅞
Three months	5.80-5.90	10¼-10⅜	5-5¼	6⅞-7	6.34375	15-10⅛	9¼-9⅛	12⅝-12⅞
Six months	5.90-6.05	10 5/16-10 7/16	—	6⅞-7	—	—	9¼-9⅛	12⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10¼	—	9⅞	—	—	—	—

FT LONDON INTERBANK FIXING

(11.00 a.m. May 8)

3-months U.S. dollars	
bid 8 1/4	offer 8 3/8

9 months U.S. dollars	
bid 8 9/16	offer 8 11/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13⅛	—	12 11/16	8.15-8.25	7 15/16-8 1/16	9⅛-9¼
Two months	13⅛	—	12¾	8.05-8.25	8 1/16-8 3/16	9 3/16-9 5/16
Three months	13⅛	—	12¾	8.2-8.3	8⅛-8¼	9 5/16-9 7/16
Six months	13	—	12 11/16	8.4-8.5	8 9/16-8 11/16	9 9/16-9 11/16
Nine months	12⅞	—	12 9/16	8.8-9.05	—	—
One year	12⅞	—	12 9/16	9.05-9.15	8 11/16-8 13/16	9⅝-9¾
Two years	—	12⅞	—	—	—	—
Three years	—	12	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.85-7.25 per cent (nol). Treasury Bills: Average tender rates of discount 11.9857 per cent. Certificates of Tax Deposit (Series 9): Deposits £100,000 and over held under one month 12⅝ per cent; one-three months 12⅝ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12 per cent. Under £100,000 11¾ per cent from May 9. Deposits held under Series 8 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9-9⅛
Fed funds	7 13/16
Fed funds at intervention	7 13/16

Treasury Bills

One month	7.30
Two month	7.60
Three month	7.80
Six month	7.94
One year	8.10

Treasury Bonds

Two year	100 7/32
Three year	99 27/32
Four year	102 14/32
Five year	102 23/32
Seven year	103
10 year	100
30 year	99 4/32

FINANCIAL FUTURES

Eurodollars weak

Dollar based interest rate contracts weakened on the London International Financial Future Exchange yesterday. Although the Federal Reserve continued to inject funds into the New York banking system when Federal funds were trading below 8 per cent, the present situation is seen as largely technical and not indicative of lower U.S. interest rates. When Mr Paul Volcker, chairman of the Federal Reserve Board, confirmed to a questioner at a Senate hearing that Fed policy is in neutral, June Eurodollars fell to the day's low of 91.27. Mr Volcker tended to disappoint those looking for an early cut in the U.S. discount rate, and this led to the fal. Earlier in the day trading was steady at around 91.40 to 41.42, before dipping to 91.38 on the Chicago opening. The contract closed at 91.30, compared with 91.45 perviously.

U.S. Treasury bond futures showed a similar movement, but were overhung by the added uncertainty surrounding the present Treasury auctions. The three-year not auction Tuesday was regarded as reasonable, but traders were nervous about last nights autcion of 10-year paper.

Sterling denominated contracts remained disappointed by the UK money supply figures, with both short sterling and gilts for June delivery closing near the day's low.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	91.30	91.43	91.27	91.45
Sept	90.62	90.77	90.60	90.78
Dec	90.13	90.29	90.13	90.29
March	89.74	89.90	89.74	89.90
June	89.41	89.57	89.41	89.57

Est volume 5,185 (8,067)
Previous day's open int 18,453 (18,456)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	87.32	87.39	87.31	87.31
Sept	88.00	88.19	87.98	88.10
Dec	88.50	88.61	88.50	88.59
March	88.87	88.87	88.80	89.24
June	88.50	—	—	88.57

Est volume 3,145 (4,023)
Previous day's open int 6,991 (7,100)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	104-19	105-05	104-13	105-04
Sept	107-30	108-12	107-28	108-20
Dec	108-03	—	—	108-26
March	107-24	—	—	108-14

Est volume 3,257 (4,152)
Previous day's open int 3,519 (3,323)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2065	1.2120	1.1990	1.2040
Sept	1.1940	1.1945	1.1872	1.1850
Dec	1.1865	1.1865	1.1865	1.1850

Est volume 174 (192)
Previous day's open int 2,865 (2,822)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3132	0.3145	0.3127	0.3153
Sept	0.3150	0.3160	0.3160	0.3175

Est volume 30 (83)
Previous day's open int 231 (237)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3730	—	—	0.3747
Sept	0.3761	—	—	0.3775

Est volume nil (10)
Previous day's open int 156 (147)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3956	—	—	0.3954
Sept	0.3979	—	—	0.3977

Est volume nil (nil)
Previous day's open int 150 (150)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	129.85	130.85	129.90	129.70
Sept	130.55	130.80	130.50	130.30

Est volume 209 (271)
Previous day's open int 1,272 (1,235)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-20	72-06	71-19	72-11
Sept	70-19	71-00	70-28	71-08

Est volume 796 (1,869)
Previous day's open int 2,929 (2,763)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	71-19	71-23	71-10	72-01
Sept	70-18	70-27	70-15	70-31
Dec	69-20	69-28	69-16	70-01
March	68-25	68-28	68-22	69-06
June	68-00	68-03	67-29	68-14
Sept	67-11	67-15	67-11	68-14
Dec	66-25	66-30	66-24	67-05
March	—	—	—	66-19
June	—	—	—	66-03
Dec	—	—	—	65-07

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.19	92.27	92.16	92.25
Sept	91.70	91.81	91.68	91.79
Dec	91.31	91.43	91.30	91.42
March	90.99	91.10	90.99	91.08
June	90.72	—	90.72	90.81
Sept	90.50	90.56	90.50	90.57
Dec	90.30	—	90.30	90.36
March	90.12	—	90.12	90.17

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.66	91.78	91.64	91.77
Sept	90.90	91.12	90.99	91.12
Dec	90.50	90.61	90.90	90.85
March	90.15	—	90.15	90.27

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.30	91.41	91.28	91.38
Sept	90.91	90.76	90.68	90.73
Dec	90.13	90.27	90.10	90.28
March	89.74	89.88	89.74	89.89
June	89.40	89.52	89.41	89.57
Sept	89.15	89.24	89.16	89.30
Dec	88.92	89.00	88.90	89.05
March	88.72	88.75	88.72	88.81

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2040	1.2115	1.2010	1.2200
Sept	1.1930	1.2010	1.1890	1.2085
Dec	1.1826	1.1910	1.1825	1.2020
March	—	—	—	1.2265
June	—	—	—	1.1980
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	70-18	70-19	70-12	70-15
Sept	69-23	69-23	69-21	69-22
Dec	—	—	—	69-03
June	—	—	—	68-02
Sept	—	—	—	67-21

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 42

Stock		Sales (Hnds)	High	Low	Last	Chng
OffsLog		33	2¼	2	2¼	
OgilM s	1.88	144	40¾	45¼	45½	
Ogilbay	2.19	9	28¼	28¼	28¼	−1
OhioCa	2.80	528	57⅞	56⅛	57⅞	+1⅛
OilDri s		12	20	20	20	
OldKnt s	1	107	29¼	28¼	29¼	+⅜
OldNB s	2	9	52	51	52	
OldRep	.88	38	39⅝	39¼	39⅝	
OldStne	2.88	89	29½	29¼	29¼	−¼

Stock		Sales (Hnds)	High	Low	Last	Chng
Powrtc		142	14½	13¾	14¼	−¼
PwConv		9	6½	6½	6½	
PrecCst	.12	5	24⅜	24⅜	24⅜	−¼
PldFncl		75	6⅝	6⅝	6⅝	−⅛
PldSav		19	7½	7⅛	7⅛	
PrpdLg		19	5⅞	5½	5⅛	−½
PresLf s		162	22¾	20½	21¼	−1½
PrstnCp	.30	119	15	14½	15	+¼
Preway		188	5	4⅞	5	

Stock		Sales (Hnds)	High	Low	Last	Chng
ShrMed	.45	4357	28¼	27¼	27¾	−⅛
Shwmt s	1.66	259	34½	33⅝	34⅛	+¼
Shelby s	.16	42	18¾	18¼	18¼	−½
Sheldl s		47	12⅝	12¼	12½	
Shoney s	.15	414	29	28¼	28½	−¼
ShonSo s		19	14½	13⅞	13⅞	−¼
Shpsmt	.10e	7	4¾	4¾	4¾	
SigmC s		80	7⅛	7	7	−¼
SigmaR		46	4	3⅞	4	+⅛

Stock		Sales (Hnds)	High	Low	Last	Chng
UltrBcp	1.28	11	32½	31¾	32½	+1
Ultrsy	.06e	568	7⅜	7⅛	7⅜	−¼
Ungrmn		187	13¼	12¾	13¼	−¼
Unifi		623	9¾	9⅝	6⅝	
Unifrc s		20	11½	11¼	11¼	−¼
Unimed		71	9½	9	9	−¼
UnBcp	1	13	42	45	41½	+1
UnFedl		1296	10⅛	9⅝	10⅛	+⅜
UnNatl	2.04	7	45¼	44	44	−¼

Indices

NEW YORK-DOW JONES

	May 8	May 7	May 9	May 3	May 2	May 1	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,249.78	1,252.78	1,247.78	1,247.24	1,242.27	1,242.05	1299.36 (1/3)	1184.96 (4/1)	1299.36 (1/3/85)	41.22 (2/7/32)
Transport	594.86	588.46	587.36	584.48	577.95	571.88	635.30 (1/3)	553.83 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	157.83	157.87	155.47	154.95	153.52	153.01	157.87 (1/5)	146.54 (4/1)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	–	100.1m	85.9m	94.8m	107.7m	101.5m	–	–	–	–

	Apr 26	Apr 19	Apr 12	Year Ago (Approx)
Ind Div Yield %	4.79	4.82	4.82	4.72

STANDARD AND POORS

	May 8	May 7	May 9	May 3	May 2	May 1	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	200.80	200.44	199.63	199.76	198.01	198.32	205.15 (1/3)	182.24 (4/1)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	180.62	180.76	179.99	180.08	179.01	178.37	183.43 (25/4)	163.68 (4/1)	183.35 (13/2/85)	4.40 (1/6/32)

	May 1	April 24	April 17	Year Ago (Approx)
Ind div yield %	3.83	3.84	3.85	3.93
Ind. P/E Ratio	11.29	11.28	11.27	12.42
Long Gov Bond Yield	11.33	11.33	11.28	12.84

N.Y.S.E ALL COMMON

May 8	May 7	May 9	May 3	1985 High	1985 Low
104.56	104.58	104.18	104.17	106.15 (25/4)	94.60 (4/1)

RISES AND FALLS

	May 7	May 6	May 3
Issues traded	1,984	1,975	1,989
Rises	904	792	922
Falls	600	669	555
Unchanged	480	514	492

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Atl Rich	2,102,200	62¼	−1	Panhand Pl	806,900	39⅝	−⅞
Arids Inc	1,177,600	23½	+1⅛	Texaco	794,800	37⅞	−1⅝
Mobil	1,100,000	31	−1⅛	Mid-So Util	774,600	13⅝	−⅛
Phil Ele	1,079,000	15¼	−⅛	Am Med Int	739,500	25⅝	+1⅞
ATT	858,000	21½	unch	Royl D Pet	738,100	57¼	−1½

Advances 675 Declines 791

TORONTO

	May 8	May 7	May 9	May 3	1985 High	1985 Low
Metals & Minls	1,934.57	1,932.78	1,938.4	1,981.4	2190.7 (13/2)	1896.0 (4/1)
Composite	2,802.78	2,815.41	2,815.8	2,818.5	2862.5 (8/1)	2346.5 (8/1)
MONTREAL Portfolio	127.83	128.85	128.83	128.85	132.77 (5/3)	117.80 (4/1)

* Indicates pre-close figure

	May 8	May 7	May 6	May 3	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	889.9	878.2	876.1	866.2	889.8 (8/5)	715.3 (7/1)
Metals & Minls. (1/1/80)	569.0	566.9	554.2	547.2	576.2 (24/4)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	92.71	90.16	87.63	86.36	92.71 (8/5)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2186.17	2200.80	2205.16	2,205.7	2316.86 (13/3)	2060.7 (16/1)
DENMARK						
Copenhagen SE (6/1/83)	180.25	184.75	185.81	(c)	192.70 (24/4)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	(c)	217.6	216.3	215.10	220.8 (12/4)	180.9 (3/1)
Ind Tendance (28/12/84)	(c)	116.80	115.6	117.56	120.5 (12/4)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	424.75	426.65	425.77	419.22	428.47 (26/4)	382.58 (3/1)
Commerzbank (1/12/53)	1240.40	1241.5	1236.3	1,222.5	1261.5 (7/5)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1621.45	1585.26	1596.43	1,550.86	1621.45 (8/5)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	281.26	280.86	281.15	279.71	288.71 (20/2)	226.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12521.2	12506.6	(c)	(c)	12653.3 (3/4)	11545.2 (5/1)
Tokyo SE New (4/1/68)	985.87	979.99	(c)	(c)	1006.36 (22/3)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	211.8	212.0	210.0	212.1	215.0 (6/5)	186.6 (8/1)
ANP-CBS Indust (1970)	175.1	175.2	173.1	171.2	176.2 (7/5)	147.2 (3/1)
NORWAY						
Oslo SE (4/1/83)	330.28	325.80	320.28	325.97	345.8 (8/2)	288.13 (2/1)
SINGAPORE						
Straits Times (1966)	790.65	785.81	790.09	786.87	862.65 (7/3)	764.30 (18/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1019.9	1025.4	1055.4	1140.9 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	—	881.2	894.4	894.5	896.7 (22/4)	767.1 (7/5)
SPAIN						
Madrid SE (28/12/84)	110.49	109.82	109.77	109.75	117.41 (4/2)	101.45 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1443.56	1445.57	1441.64	1,466.6	1486.96 (11/2)	1361.60 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	428.4	427.1	425.6	425.5	456.9 (19/3)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	202.5	200.8	201.5	204.9 (15/4)	184.9 (4/1)

** Saturday May 4: Japan Nikkei-Dow 12,545.25. TSE 979.86.

Base value of all indices are 100 except JSE Gold—255.7; JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.